

EASTERN WORLD

S.E.ASIA • FAR EAST • PACIFIC

LONDON

Volume X Number 9

SEPTEMBER 1956

Two Shillings and Sixpence

**A QUESTION OF
NATIONALISM**

**SOUTH-EAST ASIA
TODAY—2**

**CHINA'S
FABULOUS
NORTH-EAST**

**AUSTRALIAN
INTEREST IN
NEW GUINEA**

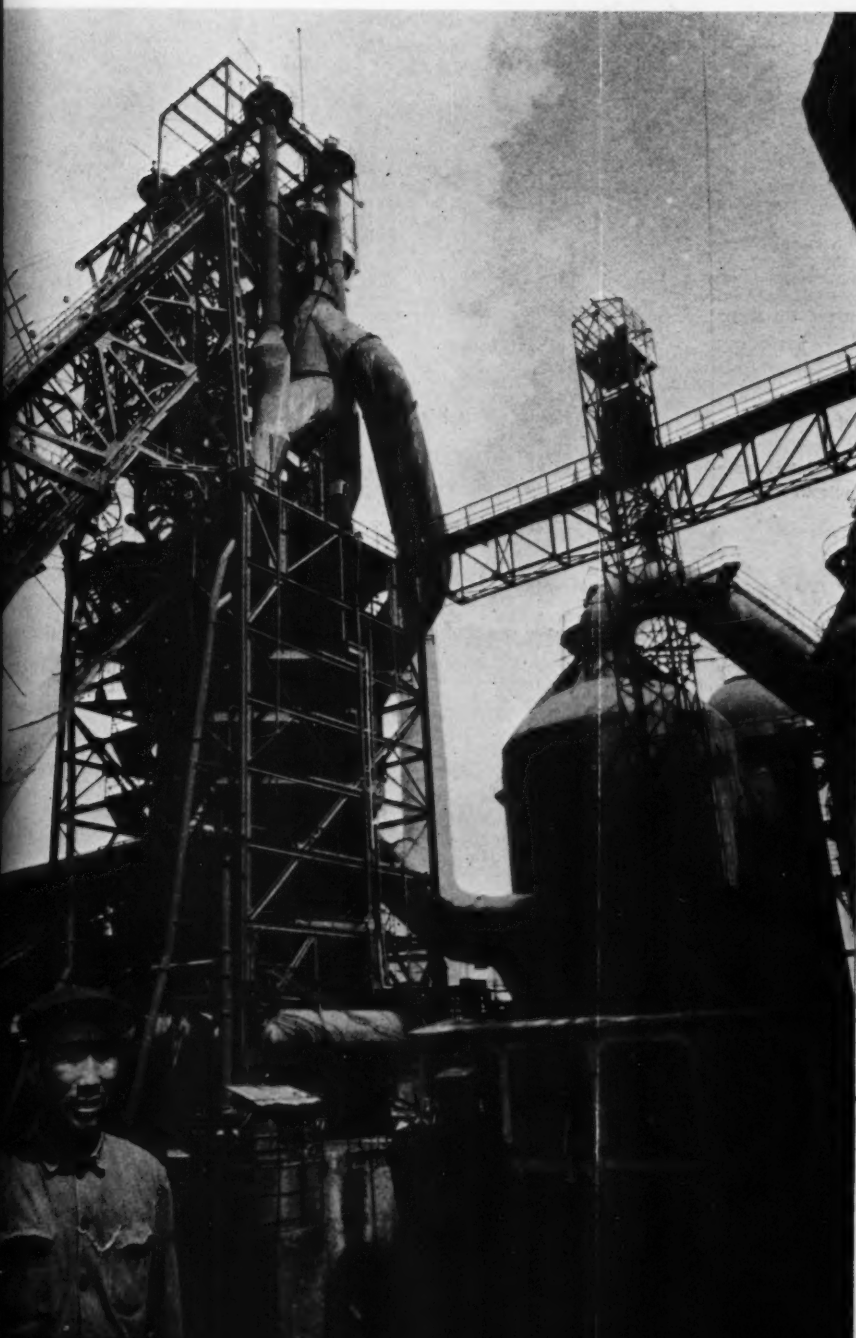
**ELECTIONS AND
FOREIGN POLICY
IN JAPAN**

**ON A TRAIN IN
CHINA**

**PEKING'S FOREIGN
TRADE POLICY**

ON COPY 1

*North-East China.
Anshan steel works, Manchuria*



TRUSTED IN

telecommunications

Throughout the world, wherever communication systems are making their vital contribution towards the development of modern society, Standard Telephones and Cables Limited is trusted to produce and provide telecommunications systems and equipment to meet the most exacting demands of to-day—on land, at sea and in the air.

One of the largest telecommunication engineering organisations in the Commonwealth, Standard Telephones and Cables Limited is engaged in research, and the development, manufacture and installation of all types of communication and control systems.

Concerned with every aspect of telecommunications engineering the Company is in an unrivalled position to undertake, within its own organisation, the co-ordinated planning of complete communication projects involving interdependent systems of various types.

Systems :—

Telecommunications Line Transmission
Radio Broadcasting, Communication & Navigation
Railway Communication and Control
Telephone and Telegraph
Supervisory and Remote Indication and Control
Sound Reproduction
Municipal and Industrial Fire Alarms
Street and Airfield Lighting Control
Signalling (Office and Factory)
Communication Cable
Power Cable

Equipment :—

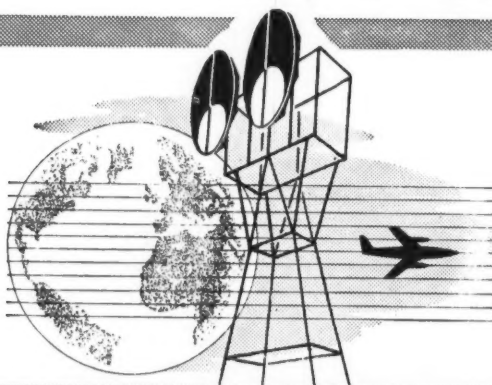
SenTerCel Selenium rectifier equipment
Power Factor Correction
Heat Treatment
Transmission Testing apparatus
Cable Testing equipment
Loading Coils

Components :—

Quartz Crystals
Transistors
Capacitors and Interference Suppressors
Germanium Rectifiers and Photoelectric Cells
Thermionic Valves

Magnetic Materials
Thermistors
Relays
SenTerCel Selenium Rectifiers
Rubber, Plastic and Textile insulated cables and wires

Standard — a trusted name in
telecommunications



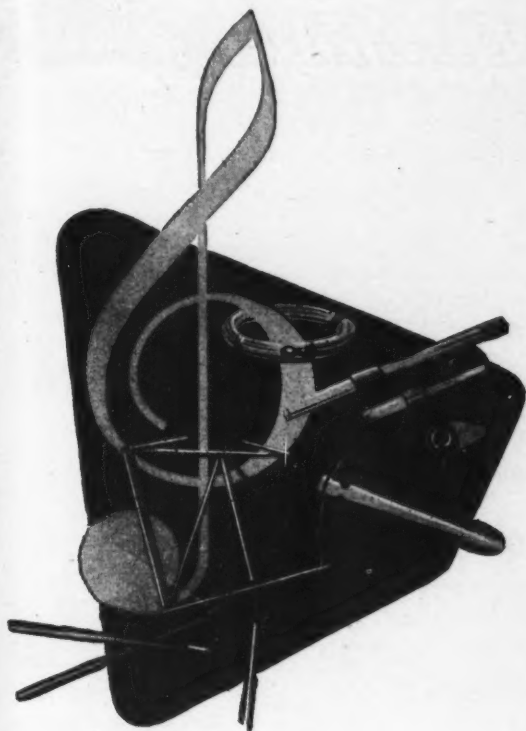
Standard Telephones and Cables Limited

TELECOMMUNICATION ENGINEERS

CONNAUGHT HOUSE, ALDWYCH, LONDON, W.C.2, ENGLAND

India: P.O. Box 348, New Delhi
Telephone: New Delhi 43961

Pakistan: Sassoon Building, McLeod Rd., Karachi
Telephone: Karachi 33346



The Experienced Musician Knows . . .

that without proper musical accessories he can make little headway in his profession. We are experts in this field and supply musical accessories for all types of instruments like: String and bow instruments, woodwinds and brass instruments of guaranteed quality. Detailed information gladly supplied by our office.

DEUTSCHER INNEN-UND AUSSENHANDEL

BERLIN C 2.
Schicklerstrasse 5-7

KULTURWAREN

GERMAN DEMOCRATIC REPUBLIC

Shipping and
Manufacturers'
Agents,
Importers and
Exporters,
Ships' Suppliers
Head Office:
58-62 Robinson Rd.
Singapore, 1



Branches:
H.M. Naval Base
Singapore
164 High Street
Kuala Lumpur
18A Beach Street
Penang
Cables:
"PROVISIONS"

*More Than
A Century
of
Extensive
Experience*

serving ships calling at this Gateway to the Orient. Our name stands synonymous with service as reliable as Eastern Arts.

Enquiries for trade, the country's economics, port and general information will be given prompt reply.



NATIONAL BANK OF PAKISTAN

(Incorporated under the National Bank of Pakistan Ordinance, No. XIX of 1949, and sponsored by the Government of Pakistan. The liability of members is limited).

ESTABLISHED 1949

President Hoshang Dinshaw
Managing Director A. Muhajir
Government Director Mumtaz Hasan

Authorised Capital	Pak. Rs. 6,00,00,000.
Issued & Subscribed	Pak. Rs. 6,00,00,000.
Paid-up	Pak. Rs. 1,50,00,000.
Reserve Fund (31.12.55)	Pak. Rs. 65,00,000.
Deposits (31.12.55)	Pak. Rs. 40,18,50,000.

61 branches, and also sub-branches, throughout Pakistan. Foreign branches at Calcutta (India) and D'Jeddah (Saudi Arabia). Foreign Correspondents in leading business centres throughout the world. Banking business of every description transacted.

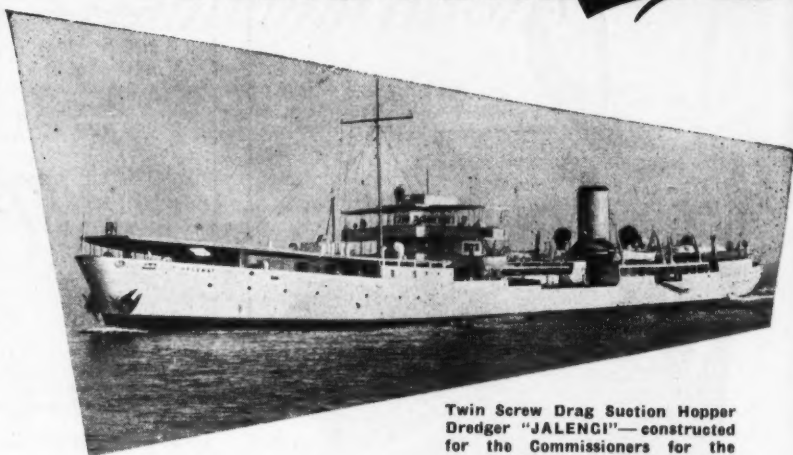
Head Office: VICTORIA ROAD, KARACHI
Local Principal Offices: KARACHI - LAHORE - DACCAL
London Office: 20 EASTCHEAP, LONDON, E.C.3
London Manager: J. L. Tomlinson

**BARGES
SALVAGE AND
SLUDGE VESSELS
TUGS AND
KINDRED CRAFT**

with
STEAM, DIESEL OR
ELECTRIC POWER
for
SEAGOING, RIVER, HARBOUR
AND ESTUARY SERVICE

DREDGERS

SUCTION
BUCKET
GRAB. ALLUVIAL



Twin Screw Drag Suction Hopper Dredger "JALENCI"—constructed for the Commissioners for the Port of Calcutta.

Simons

OF RENFREW

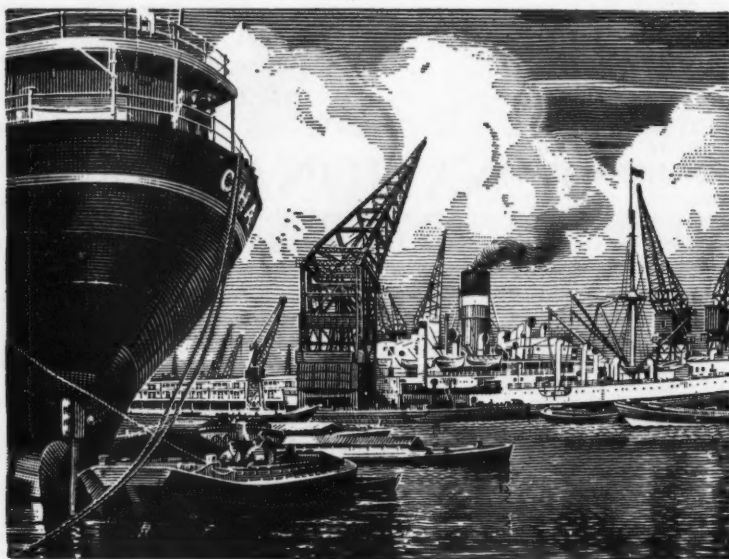
WM. SIMONS & CO., LTD.

::

RENFREW

::

SCOTLAND



**SHIP VIA
LONDON**

—the Premier Port of the
Empire—equipped for all
types of ships and cargoes

THE PORT OF LONDON AUTHORITY

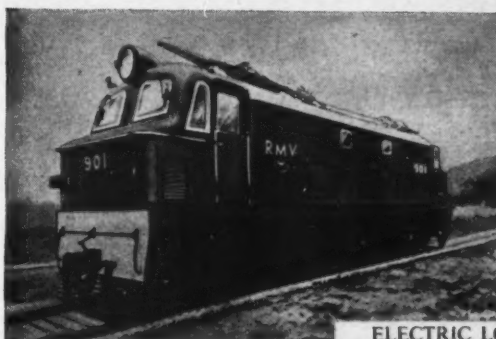
A Self-governing Public Trust for Public Service

For full particulars apply: GENERAL MANAGER, PORT OF LONDON AUTHORITY, LONDON, E.C.3

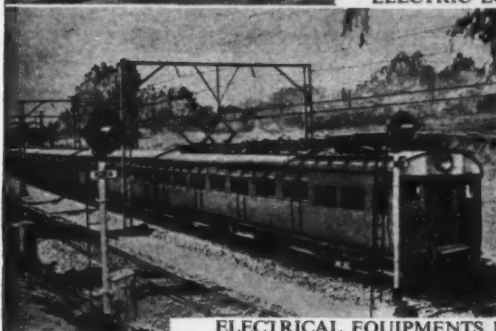
...

TRACTION EQUIPMENT

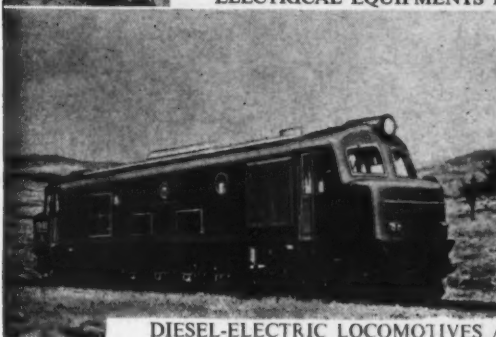
for More Efficient Transport



ELECTRIC LOCOMOTIVES



ELECTRICAL EQUIPMENTS FOR MOTOR COACH STOCK



DIESEL-ELECTRIC LOCOMOTIVES AND GAS TURBINE LOCOMOTIVES

These illustrations give a small selection of the equipment supplied by Metropolitan-Vickers to meet the widest range of requirements

50 years of experience lie behind the craftsmanship embodied in these examples of modern electric traction. Whether your problem concerns the choice of a gear wheel

or a complete railway electrification scheme, the Metropolitan-Vickers organisation is ready to place at your service its technical competence and vast experience in traction matters.

For information on all Traction problems write to Traction Sales Department

METROPOLITAN-VICKERS

ELECTRICAL CO LTD TRAFFORD PARK MANCHESTER 17

Member of the A.E.I. group of companies

K/T403



From ancient days the Island of Ceylon has been known for its wealth in gems and spices, and merchants from Greece, Rome and China carried these wares to distant markets.

To-day, the principal exports consist of quality teas, rubber, coconut products and high grade graphite. Ceylon imports foodstuffs, textiles, machinery, electrical goods, fertilisers, and a variety of consumer goods from every corner of the globe.

If you are interested in Ceylon trade or travel, the London Branch of the Bank of Ceylon at 4 Ludgate Hill, London, E.C.4, will be pleased to assist you.

BANK OF CEYLON

Head Office at Colombo

Sixteen Branches in Ceylon

STEEL KEY TO INDUSTRY

No. 14

It is very difficult to give a date to these two ancient keys which were excavated and must have been hidden for many hundreds of years from the sight of man.

It is said that they were made when one of the Plantagenets occupied the Throne of England, which would therefore date them somewhere around the Twelfth century.



The development of steel made possible the growth of civilisation itself. For steel is the key to the good things of life as well as to the necessities; as essential to the maker of the precision watch as to the bridge-builder. Hallamshire high-grade Alloy and Carbon Steels serve a multitude of industries in many ways.

Hallamsteel

Manufacturers of

**ALLOY & SPECIAL CARBON STEELS
BARS · SHEETS · PLATES · WIRE RODS**

THE HALLAMSHIRE STEEL & FILE CO. LTD., SHEFFIELD 3
ENGLAND Phone: Sheffield 24304 (7 lines) Grams: Hallamshire, Sheffield.

**NOW
FROM NEW PRODUCTION**

**INDUSTRIAL
WILKINSON
CHEMICALS**

**THE FINEST REAGENT QUALITY
HYDROFLUORIC ACID
BEING MADE TODAY**

GUARANTEED	SPECIFICATION	PACKAGES
Hydrofluoric acid	40% or 48%	Polythene Containers of 1 lb. to 5 gall. capacity
Non Volatile Matter	.0005%	
Chloride (Cl.)	.0002%	
Sulphate (SO ₄)	.0002%	
Silica (SiO ₂)	.1%	
Heavy Metals (Pb)	.0002%	
Iron (Fe)	.0002%	

Manufactured by one of the most experienced Companies in the world in Fluorine Chemistry, we would welcome the opportunity of discussing your requirements for these acids and also for any of our extensive range of inorganic Fluorides.

JAMES WILKINSON & SON LTD

TINSLEY PARK ROAD · SHEFFIELD · 9

Phone 41208 (3 lines)

Grams: "Chemicals Sheffield"

WE SUPPLY



FILMS · PLATES · LIGHT FILTERS
PHOTOCHEMICALS
PHOTOGRAPHIC TRACING PAPER
PHOTOCHEMICAL EQUIPMENT

For amateur — and professional
photographers, for medical, scientific
and technical purposes as well as
for the printing trade

SYNTHETIC FIBRES AND
PLASTIC PRODUCTS

Synthetic Wool, Staple Fibres
Polyamid—cord—and crepe
silk, Cord Silk and Crepe
Rayon, Wolcylon, PC Fibre,
PCU Bristles and Wires,
Technical Foils, Magnetic
Tapes, Adhesives

VEB FILMFABRIK AGFA WOLFEN

WOLFEN KR. BITTERFELD

German Democratic Republic



Indian Chessman, part of the set once owned by Clive of India

Chequerboard of the East

So many races . . . so many needs . . . so many markets extending over a vast area of the earth's surface. And there The Chartered Bank operates with knowledge and experience sustained by more than a century of close and intimate contact. Branches of The Chartered Bank of India, Australia and China are established in most centres of commercial importance throughout Southern and South-East Asia and the Far East. At all these branches a complete banking service is available and, in particular, facilities are provided for the financing of international trade in co-operation with the Bank's offices in London, Manchester and Liverpool, its agencies in New York and Hamburg and a world-wide range of banking correspondents. In London and Singapore the Bank is prepared to act as executor or trustee.

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA

(Incorporated by Royal Charter, 1853)

HEAD OFFICE : 38 BISHOPSGATE, LONDON, E.C.2

EASTERN WORLD

58 PADDINGTON STREET, LONDON, W.1

TELEPHONE: WELBECK 7439

CABLES: TADICO, LONDON

EDITOR AND MANAGING DIRECTOR: H. C. TAUSSIG

DISTRIBUTION MANAGER: E. M. BIRD

SUBSCRIPTION; £1. 10. post free

AIR MAIL:—Subscriptions taken by air mail to all countries depend on cost of postage added to the basic subscription fee of £1. 10. (Present additional cost: £2. 14. p.a.)

Registered for transmission to Canada including Newfoundland

World Copyright Reserved

CONTENTS

EDITORIALS	PAGE
COMMENT	11
South-East Asia Today—2	
In the Balance	H. C. Taussig 12
China's Fabulous North-East	The Editor 14
Australian Interest in New Guinea	Charles Meeking 17
ASIAN SURVEY	
Elections and Foreign Policy	
in Japan	Tokyo Correspondent 19
Thailand: Political Stirrings	Bangkok Correspondent 20
United States: Asian Issues	David C. Williams 20
Pakistan: Police Methods	Karachi Correspondent 21
Indonesia's Language Question	R. Moerdowo 22
FROM ALL QUARTERS	
LETTER TO THE EDITOR	
BOOKS ON THE FAR EAST	
On a Train in China	Han Suyin 30
20th Century Chinese Philosophy	Sir John Pratt 32
Chinese Wonderlands	Neville Whymant 33
ECONOMIC SECTION	
China's Foreign Trade Policy	Chen Ming 38
China's Trade with Non-Communist Countries	V. Wolpert 38
China's Trade with Communist Countries	A. James 42
The Embargo and China Trade	Tsao Chung-shu 44
UK Wool and Australasia	Special Correspondent 46
Japan's Economic Resurgence	Osaka Correspondent 48
Economic Cooperation with Japan	Robert Tilney 52
TRADE, FINANCIAL AND INDUSTRIAL NOTES	
Economic Problems of Viet Nam	Chuong-Cong-Liem 54
FAO and the Rice Problem	Alvise Scarfoglio 57
Thai Telecommunications Contracts	

Believing in the freedom of the press, this journal represents a forum where articles containing many different and often controversial opinions are published. They do not necessarily express the views or policy of this paper.

EASTERN WORLD

London September 1956

A QUESTION OF NATIONALISM

LOOKING back over events in the Far East during the last ten years it would seem that governments in the western hemisphere had had ample opportunity to learn a lesson in dealing with Asian nationalism. Britain in particular seemed acutely aware of the mistakes the Americans were making in their China and Indo-China policies. And yet when it comes to a situation like the Suez affair, the same old lines of behaviour are adhered to and the same perennial mistakes made.

What is it about the reactions of resurgent peoples to what they believe is an infringement of their national sovereignty and an affront to their dignity that the West finds so difficult to understand? It is doubtless a fundamental misinterpretation on the political level of the cause and meaning of nationalism. From the point of view of the West—with Hitlerism still very fresh in mind—nationalism is a reprehensible trait, an instrument for excesses of every kind in human relations and diplomacy. This is, of course, to some extent true. But it is not national fervour itself which is so essentially a bad thing as the way it is used for the ends it may wish to achieve. In the hands of an oppressor, as in the case of Hitler, nationalism is a powerful weapon of aggression. In the hands of the oppressed it is an essential factor of human solidarity and strength in a period of struggle for independence.

The British and French Governments have reacted to Egypt's nationalism of the Suez Canal as if it was an act of aggression against them, and against the rest of the world, which can only be stopped by the use of force. They have equated it with Hitler's march into the Rhineland. The dangers inherent in this mistaken reaction are glaringly obvious. The forces and desires which prompted Colonel Nasser to claim the Canal for Egypt are the same as those which twelve years ago drove the Indian crowds to demonstrate against the British Raj, and made the people of Indonesia, Indo-China and Burma active in preparing to overthrow the established colonial order. There might well be a general dislike in Europe of Colonel Nasser and his method of ruling Egypt, but to use that dislike as an excuse for blocking a recognisable and fully understandable trend in

Afro-Asian national aspirations would put a final seal on the growing impatience among Asian countries of the West's behaviour.

By a show of force Britain has everything to lose. Two primary objects in this country's Middle East policy have been to maintain the flow of oil and to keep Soviet interest at bay in the region. With the firing of the first shot against Egypt, Arab nationalism from Morocco to Iran will be inflamed to such an extent that oil supplies will be put immediately into jeopardy. In the flow of the tide the conservative ruling minority throughout a large part of the Middle East, which British policy has always supported and largely maintained in power, would be swept away. Any widening of the conflict to prevent it would be an open invitation to the Soviet Union to turn her attention southwards. Does the solution to keeping the Suez Canal running smoothly lie in this direction?

And, further, what would be the reaction of the Asian members of the Commonwealth? Would India, Ceylon, Malaya and Singapore remain aloof? For how long would Pakistan feel they could support Britain with Islam up in arms? And suppose a military adventure in the direction of the Canal were initially successful, no one can imagine the millions of ardent young nationalists in Asia and Africa resigning themselves to European dominance for the next fifty years.

That is almost as difficult to imagine as that the British Prime Minister seriously intends to use force. Everything, tragically, points to his having every intention of using it. Is it because he and the Conservative Government have lost patience with the demands which Afro-Asian nationalism places at the door of the West and together with the French have decided on a "show down"? Apart from complete blindness and political stupidity, there seems no other conclusion. Are there still people who believe that a point has been reached in the relations between eastern and western attitudes where nothing more can be said so that only force remains? This mental approach has been in evidence before, and it has been then that the wise counsels emanating from Delhi have had influence in Whitehall. If the British Govern-

ment has at last rejected advice from India, and now acts against the interests of Asian self-determination, there would seem to be no reason in India remaining in the Commonwealth.

If the attitude of the British Government is really that the aspirations of Afro-Asian nationalism are to be frustrated with the threat or use of force — and that is the indication — repercussions will be felt outside the context of Suez. Most of the issues that caused tension a year or two ago in the Far East are without solution. There is still the question of Viet Nam, of Formosa, and of Korea. There is the problem of the relationship between the countries of South-East Asia and the West. These matters are likely to come into the limelight once the American Presidential election is over. The British and French reaction to Egypt has paved the way towards representing these situations as a

straight conflict between Communism and anti-Communism, with the element of nationalist struggle as a secondary or unimportant aspect.

The impact and force of nationalism on a wide scale in the move against western dominance is a phenomenon of the mid-Twentieth Century in Asia and Africa. It is something with which the West must come to terms, for it has been the agent which has set the non-white half of the world on the move to independence. Displays of western superiority in any field serve only to strengthen nationalism, and the pride that is an integral part of it; neither can it be dissipated by force. Friendly cooperation with those countries formerly dominated physically or economically by Europe, and an understanding of the deep desire for self-determination, is the only way for the West. In the long term there is really no choice, the resurgence of the Afro-Asian peoples cannot be arrested.

PAKISTAN'S POLITICAL POTAGE

THE political situation in Pakistan is in such a state of confusion that from day-to-day it is difficult to know what portends what. Out of this potage of politics one thing seems clear: the Muslim League no longer commands enough confidence in the country for it to continue to hold the reins of power.

Over the years since the country was created the Muslim League party has become the haven of corrupt politicians whose chief concern has been to maintain their vested interests. The honest politicians who are members of the League, like the present Prime Minister, Chaudri Mohamed Ali, have been finding it increasingly difficult to reconcile themselves with what the League has come to stand for in the eyes of the people. Indeed, as this is written, there seems every likelihood that the Prime Minister will soon choose to resign from the party. This will mean that his position at the head of the Government will be precarious, although he has recently acquired support from the republican and United Front members of the Assembly. His position may be such as to force him to relinquish the Premiership.

The way things have gone in Pakistan since the earlier part of this year seems to point to a brewing storm. The country can hardly take another serious political crisis without dire consequences. We have witnessed the swing away from the Muslim League in the West Pakistan Ministry, and in East Pakistan the people are in a state of dissatisfaction that could result in uprisings. President Mirza has twice this year had to take control of the eastern wing out of the hands of the politicians and put it in the charge of the military.

The deplorable situation cannot continue. In East Pakistan it has been either a case of government by intrigue or military government. The people are not going to endure this kind of administration indefinitely. The central Government in Karachi has never really reflected public opinion in

its handling of foreign policy, and discontent has been growing on that account and because there is a feeling that in general matters it is out of touch with the people. Ruling circles in Pakistan have tried to run the country with all the trappings of parliamentary democracy without ever having been given the unfettered mandate of the people. It is only to be expected that this would breed frustration and discontent. It has been a grand and glorious game of politics played to the advantage of a few.

The country has been ready and waiting for general elections for some time. They are scheduled for March next year, but it is beginning to look as if they will have to be postponed because the preparation of electoral rolls and other administrative matters are not yet far enough advanced. This means that the chief opposition party in Pakistan, the Awami League, will have to bide its time for a little longer. But as each day passes it increases its popular support, most particularly in East Pakistan. Many of the political crises in Dacca, the East Pakistan capital, have sprung from the manipulations of the Muslim Leaguers and their allies to keep the Awami League from taking over the Government, which it has been well able to do. But the Awami League cannot be kept at bay for long. Indeed, a coalition of the Awami and the new Republican Party, led by the only politician of any calibre in the country—Mr. H. S. Suhrawardy, the Awami leader—might provide the political stability Pakistan needs.

From behind the turmoil there emerges the traditional struggle between the privileged and the under-privileged. The fact that the country was created as a by-product of the movement for Indian independence has meant that the first nine years have largely been a period of gestation. It might well be considered that the recurring crises are Pakistan's real birth-pangs.

Comment

Laos, Asian and Neutral

ON August 25 Laos and China signed a treaty of "peace and neutrality" in Peking. In it the Kingdom of Laos declared that no foreign military bases or installations are to be allowed on its territory. Many will regard this as another failure for America's policy in Asia, and even a retrogression from the position already established in Laos. American newspapers as always are the first to give this interpretation. For Asians looking at it from their opposite angle, it is another success for *panch shila*, the five principles of peaceful co-existence, as indeed the Sino-Laotian joint statement on the occasion plainly says:

Although the political and social systems of our two countries are different, that does not prevent us from establishing close economic and cultural relations.

Friendly relations between Laos and China have developed with astonishing speed. Pro-western circles in Vientiane, both Laotian and foreign, had no opportunity to organise counter-moves. The civil war in Laos came to an end on August 5, when agreement was reached between the Government and the Pathet Lao fighting forces to end all military action. Two days later came the announcement that Prince Souvanna Phouma, the Prime Minister, was in favour of an approach to China and the Soviet Union, with a view to friendly trade and economic agreements. All arrangements were finalised in less than a fortnight, and by the 20th the Prime Minister was in Peking. In that brief period, the mood of the country had radically changed. Laos began to talk in the tones of a self-confident Asian independency. The country recalled its past glories, its cultural and emotional ties with neighbours, and its prospects of living as a viable and self-respecting state. For the past three years, since its formal independence began, it had in fact been almost wholly dependent on American economic and military aid. Yet notwithstanding this, Prince Souvanna Phouma, following the Cambodian example, led a large delegation of ministers and officials to Peking.

Arriving at Peking airport, the blue-blooded Laotian Premier found himself engulfed in a popular as well as a State reception. Premier Chou En-lai, accompanied by Chinese and foreign dignitaries, was there to greet him with the usual guard of honour. But the essence of the occasion lay in the welcome of more than 7,000 people, who showered him with confetti, bouquets, slogans, bunting and applause. Prince Souvanna Phouma seems to have responded with just the right mixture of modesty and pride. Recalling Bandung, he said that though Laos was a small country, it was aware of "the duties deriving from its geographical position" and would do nothing that threatened its neighbours. In pursuing a policy of strict neutrality, Laos will not join military alliances.

Laos and Cambodia together form a land bloc wedged between the two American bastions of Thailand and South Viet Nam, thereby reducing the effectiveness of SEATO in

the region. Their example of neutralism and independence of the West is giving rise to second thoughts in Bangkok and Saigon alike.

Indonesian Pathfinder

PRESIDENT Sukarno is on a tour of the Soviet Union, China, Yugoslavia, Austria and Czechoslovakia. His main objective in these countries is to discuss the possibilities of mutually beneficial economic cooperation, and technical and economic aid for Indonesia's ambitious five-year plan now under preparation. He will also explain Indonesia's "active and independent" foreign policy, in order to make quite clear where his country stands in world affairs.

On his visit to the United States last spring, President Sukarno earned American respect and Asian admiration for his clear and uncompromising, though consistently conciliatory criticism of the western attitude towards the new Asia. No one doubts that for the same reasons, and in spite of much still existing confusion in the Indonesian international situation, President Sukarno will on his present tour also gain a sympathetic hearing and generous terms. There is already evidence of this in the trade agreement signed on August 12 between Indonesia and the Soviet Union. Moreover, the Communist countries will all certainly also agree with Indonesia's national claim to West Irian.

Speaking to the nation on August 17, the eleventh anniversary of the 1945 Proclamation of Independence, the President declared that with the holding of general elections last year the Indonesian people had laid the foundation of a democratic state. Indonesia's severance of political ties with the Netherlands and repudiation of the financial obligations imposed at the Round Table Conference at the Hague in 1949 were a further assertion of sovereign independence.

Political and financial quarters in Europe and America disapprove the unilateral cancellation of financial commitments because it tends to undermine confidence, the very basis of the foreign credit and investment so urgently required by Indonesia. Jakarta must have considered the likely repercussions to its measures. However, in a statement issued on August 10, the Indonesian case was clearly set out. Obligations of 420 million guilders to third parties will continue to be recognised. It is only the 3,661 million guilders debt to the Dutch which has been cancelled. The tenor of the argument is that Indonesia, in a position of great disadvantage at the 1949 Round Table Conference, was made to shoulder the cost of Dutch military action against herself — hardly a debt she would have accepted voluntarily.

Foreign public opinion is often shocked by reports of corruption, inefficiency and other defects in the Indonesian administration, while the army seems altogether to be a law unto itself. Nonetheless informed reports from various non-Indonesian sources credit Indonesia with slow, but perceptible progress in every field, and the Government's popularity at home is on the increase. This is certainly what gives President Sukarno the supreme confidence he displays in his visits to western and eastern blocs alike.

*South-East Asia Today—2***IN THE BALANCE***By H. C. Taussig*

This is the second and concluding article by the Editor of EASTERN WORLD on present trends in South-East Asia. The first article appeared last month.

JAPAN'S role in South-East Asia has grown visibly. Her importance as a supplier is appreciated all over the region, particularly as the quality of Japanese goods, quite apart from any price or delivery questions, is now considered to be of a very high order. In Burma the reparations agreement, under which Japanese goods and technicians entered that country, has opened the doors for Japan, as both machinery and experts have impressed the Burmese who are anxious to extend this cooperation in connection with their development plan. A similar chance exists in Thailand, but for different reasons.

Thailand, which has not been under colonial rule and, therefore, not under the same pressure favourable to the generating of nationalist feelings, is ruled by a group of people who, in many respects, do not belong to what is being called the "new Asia." The Thai peasant, accustomed to hardships, is so far content to live the life his forefathers led, and appreciates the comparatively few improvements that reach him. There are three Thailands: that of the government in power, that of the intelligentsia in opposition and that of the peasant. Those in power have come to an agreement with the United States to take all the steps desired by her to enlist the country into the anti-Communist front.

Thailand has joined SEATO, has built up a strong army with US aid and receives in return generous American assistance. However, the country is in no way endangered by any Communist neighbours as, here again, none of the leaders for a moment fear Chinese aggression. But it serves to strengthen the position of the ruling group which, in other words, can be called a dictatorship—and a corrupt one. The Government benefits not only by American help, of which comparatively little reaches the population, but also by the inability of the opposition to form an effective challenge in the face of substantial military and police forces ready to squash any change of rule.

It would be untrue to say that the Thai Government or even its American benefactors are popular in Thailand, or that it constitutes a democratic regime. But there is no denying that it is able to represent stability, that there are no insurgents in Thailand, that, on the whole, some of the funds find their way among the people and that, most important of all, there seems to be no alternative organised movement to replace it. The main accusation against the Government is not that it does nothing, but that it does not do enough considering the American funds at its disposal. One of the

secrets of Thailand's smooth existence is the fact that it possesses, similar to Japan and Britain, a permanent civil service administration which, in its core, is unaffected by political influences.

Yet, together with the Philippines, South Korea and South Viet Nam, it is considered by the people of South-East Asia to be a country maintained by US aid and, therefore, still outside of purely Asian conceptions of independence. There is no doubt that Asian feelings today are tending towards neutralism, largely on the Indian line. This neutralism, originally based on the fear of becoming involved in the tension between East and West, has now taken the more agreeable form of fearless confidence that both sides will not only honour Asian independence, but will actually help in the development of the region.

This attitude has been taken successfully by Cambodia which, under the leadership of that great statesman Prince Norodom Sihanouk, has become the laboratory of coexistence. While he receives American aid, he has made it quite clear that he will only accept it if there are no strings attached to it. The slightest, ill-advised hint of pressure trying to make him join SEATO or enter into any commitments with one side or the other has been vigorously rejected by him, and has actually led him recently to resign the position of Prime Minister in protest. As he controls the biggest political movement in the country, this has not decreased his power.

The United States provides about \$50 million a year to Cambodia. Slightly more than half of it is military aid to build up the country's new army. The economic assistance given by the United States consists of various types: direct grants of American equipment like dredgers, trucks, tractors, fertilisers, cars, printing plants, pumps and electric generators and radio equipment; technical assistance in the form of US specialists in agriculture, education, health, industry, mass communications and public works, etc., and finally in the form of assistance in the importation of foreign goods. This latter scheme consists of Cambodian importers paying for these commodities in local currency by depositing "counterpart" money which is then used to defray local expenses of the US Aid Programme, and serves to subsidise nearly three-fourths of the Cambodian Army.

Cambodia is also receiving economic assistance from France, who is concentrating on the more spectacular projects, like bridges and the construction of a new port at Kompong-Som and an airport for Pnom Penh, the capital. Cambodia

has also recently signed an agreement with China, by which Peking grants her economic aid of almost £1 million.

Politically, Cambodia's neutralism expresses itself in her attempt to balance her diplomatic relations by exchanging missions with the Soviet Union, Poland and Czechoslovakia. To keep the balance between East and West is a delicate operation, and the United States, in this case, is fully aware of the advantages of having a neutral rather than a Communist-influenced Cambodia. As they consider Prince Sihanouk a sincere and able man, and as they do not believe that he would willingly join the Communists, they support him and help him to build a strong and uncommitted Cambodia. The extraordinary fact is that the US, in spite of this friendly attitude and the size of their aid, is not popular in Cambodia while the French, the former colonial overlords, although giving much smaller aid, are well liked. Clever diplomacy and tact have helped the French to achieve a friendship which is sincere and, one hopes, lasting.

There is, unfortunately, an entirely different situation in South Viet Nam. The French have now left the country, but that does not mean that South Viet Nam is independent. In fact, the United States has taken her place. The times are past when colonialism meant the hoisting of a flag and the garrisoning of troops. Economic aid, with certain conditions attached to it, can achieve the same purpose. Countries, like soldiers, march on their stomachs, and \$300 million can buy many things. Thus today South Viet Nam is not free, but to all practical purposes an American colony.

There is grave dissatisfaction among the people who feel that they are ruled by a dictatorship which tolerates no opposition. There is no doubt about President Ngo Dinh Diem's idealism and personal honesty, but his entourage is accused of less scrupulous inhibitions, and people insist that colossal fortunes are being piled up in certain current accounts abroad. Anti-Communism is the main slogan of the South Viet Nam Government, but this negative slogan is not enough for the able, intelligent Vietnamese who look for more concrete achievements.

In western circles it is pointed out that President Diem has been able to establish a democratic government, that he has shown great strength in dealing with his opponents and that he is, therefore, a good guarantee against Communism. Further, they insist, there is nobody of equal stature to replace him.

But popular opinion in Saigon is expressing itself on different lines. "Of course," they say, "as long as terror and concentration camps exist, there cannot be an organised, legal opposition." They know that there are 10,000 political prisoners at Chi Hoa prison in Saigon, amongst them 2,000 held without trial for two years. At Bien Hoa concentration camp there are 6,000 anti-Communist nationalists, at Phu Quoc Island 12,000 Viet Minh sympathisers, and thousands are held in four big concentration camps in the provinces of Quang Ngai, Quang Nam and Phu Yen. The recent elections, although considered fair by western observers, were, it is insisted by all I met, conducted under pressure ranging from the subtle to the obvious. Thus, identity cards of all adults had to be presented for marking at the election. As identity

cards are vital for moving about the country or obtaining rations, full attendance at the ballot was thus insured. Stories are told all over Saigon of how lorry-loads of soldiers appeared at polling stations with the soldiers voting for Diem candidates. For example, the province of Giadinh, a constituency of 2,450 voters, was fought by an opposition lawyer. He polled 1,130 votes, the government 3,200 which together made a total of 4,350 instead of the legal 2,450 votes. Thus it is claimed by the people that the present Constituent Assembly of 123 members is exclusively filled by followers of President Ngo Dinh Diem and that there is no actual opposition at all. The division into four different parties, all of whom are led directly or indirectly by members of Ngo Dinh Diem's family, are said to constitute merely an attempt to create a democratic appearance.

The most fervent desire of the people is for reunification of the country, and as long as this nationalist aim is not achieved, it will be necessary to continue to rule South Viet Nam by police and concentration camps. There is tremendous sympathy for Ho Chi Minh and North Viet Nam, not because it is Communist-led, but because it represents in the eyes of the people the truly nationalist part of the country. They believe that, if reunification were established with the North, a coalition government could be formed which would be nationalist and at the same time able to introduce drastic social reforms. They still hope that some solution will eventually be found to comply at least with the spirit of the Geneva Agreement of 1954 which stipulated country-wide elections (in North as well as South Viet Nam) but which was not recognised by the South Vietnamese Government. People ask why, if the recent elections in favour of Ngo Dinh Diem were really so fairly conducted and decisive, does he fear to carry out country-wide elections which surely would only confirm his popularity? The nine opposition parties consisting of various shades of nationalists, are now surreptitiously trying to organise themselves into a Nationalist Progressive Movement whose leaders I met and who definitely are not Communists.

The French themselves are bitter about the whole existence of South Viet Nam, as they consider themselves tricked by the United States which has merely replaced them as a colonial power without bringing peace to the country. The South Vietnamese Army has been given American uniforms, distinctions, arms and training, but is said to contain 30 to 40 percent of anti-Diem nationalists.

Altogether one cannot escape the impression that, if Ho Chi Minh were to decide to invade South Viet Nam today, he would probably occupy the country—with the support of the majority of the people—within three days. And if the United States were to withhold her dollars, South Viet Nam would collapse in one day.

The case of South Viet Nam serves to illustrate the fact that the basic principles of nationalism and of the desire to quick and efficient economic reconstruction in South-East Asia are so strong that no stability can be achieved in that region without them, and that any effort to hamper or influence them from the outside will only meet with desperate resistance which will eventually triumph.

CHINA'S FABULOUS NORTH-EAST

By The Editor of "Eastern World"

I HAVE just returned to Peking from a visit to China's North Eastern provinces, better known to the world as Manchuria and one of the most fascinating areas in Asia today. For it is there that the miracle of China's transformation into an industrial power is most visible and that both its present potential and its continuous expansion can best be observed. A trip like this also provides interesting sidelights on everyday life in China.

I travelled for just over 20 hours by the trans-Siberian Peking-Moscow express and, with the exception of a few Chinese, was the only non-Russian on board. The luxury carriages of this Russian train were comfortable and clean, while the food in the dining car was indifferent and the service (by Chinese) bad. One of the most remarkable things about this train was that by 2 p.m. the beds were made up, passengers changed into pyjamas and went to sleep. I shared my compartment with two Russians, five canaries and a balalaika, and as mine was an upper berth, I had no choice but to join in this enforced siesta, only interrupted by occasional glances at the flat, fertile landscape with its mud huts and small villages and by another disappointing meal in the phenomenally badly run dining car.

My first stop was Chang Chun, capital of Kirin province and for a short time in its history the capital of Japan's Manchukuo experiment. Here, as in all the other towns I subsequently visited, I was met by Foreign Office officials and an interpreter, taken to a spotlessly clean room in an hotel and offered any assistance I might require. Everywhere those responsible for looking after me were indeed most helpful and courteous, and never was there the slightest attempt to dissuade me from visiting any place I wished to see, on the contrary, every effort was made to enable me to see as much as my time, energy and money permitted. For the money point has to be taken into consideration. Fares, bearing in mind the enormous distances, are reasonable enough, the first class train ticket from Peking to Chang Chun costing 130 yuan (£1 = 6.80 yuan), a hotel room averaging 6 yuan and a three-course meal 2 yuan. The snags, however, are the incidental expenses. Thus, for a day and a half in Chang Chun, I paid 12 yuan for food and lodging, but 48 yuan for transport by taxi which would have cost another 12 yuan at the utmost in other countries. There are very few taxis (or cars, for that matter) in China at present, city transport consisting of buses (of Czechoslovak or Hungarian make) trams and trolley-buses, as well as of pedicabs which, in Peking, still rule the road.

Chang Chun consists of an old city and of a new part, generously laid out and designed by the Japanese who erected some of the rather imposing government buildings and who appear to have evolved a very attractive style blending Sino-Japanese influences into a pleasing unit. There are wide thoroughfares in this part and spacious parks and workers' playgrounds. But the main attraction in this town of 970,000 inhabitants is the colossal project of the Chang Chun No. 1 motor factory, which has just been completed.

It is the most impressive factory I have ever seen, not only for its enormous size, but because of its imposing design. The whole gigantic plant is centred around a wide avenue

flanked by monumental, palatial buildings which contain workers' changing rooms etc. and behind each of which is one of the tremendously large machine halls. The top end of the plaza is dominated by the power house.

According to Mr. Pang, administrative officer, the factory employs 15,000 workers, 80 percent of whom are young men with an average age of 21, and 16 percent girls. The young workers are mostly peasants coming directly from the villages and receiving their training on the spot. When a machine is installed, workers learn simultaneously how to operate it. The average wage is 62 yuan, the highest being 90 yuan, the lowest 30 yuan. This lowest wage constituted the highest earnings before liberation. Apart from the fact that these wages are due for an increase of 15 to 20 percent this month in line with the periodical remuneration increase carried out all over the country based on increased production, workers benefit in two ways in excess of their actual basic wages: firstly they are able to increase their income by piece work, and secondly they enjoy considerable advantages on the welfare side. Thus the lowest wage earner pays only 11 yuan per month for food and 1 yuan and 10 cents for his monthly accommodation. A whole workers' town has been built in the immediate vicinity of the factory, with accommodation for unmarried and married workers, the latter occupying little flats complete with bath, hot and cold water and modern sanitation. For this they pay an average of 6 yuan per month, including light and heating, which in the severe winters of the North-East is a particularly important item. They pay a mere nominal fee for the education of their children and enjoy free medical attention, families paying only one third of the statutory hospital fee. Women workers are allowed 2 free days a month and 56 days convalescence after childbirth.

The plant itself has been designed to produce 30,000 heavy trucks yearly. At the moment, production is gradually getting into swing. During October, 300 vehicles will be produced and 1,000 in December. While I was there, truck No. 30 was just coming off the conveyor belt and was being tested. Literally thousands of machines cover the enormous floor space, almost all being of Soviet make, but some of them from East Germany, Czechoslovakia and Hungary. There are also some British machine tools and, surprisingly, some American gear grinding machines bought in Shanghai. Finally there are batteries of lathes made in China by the Mukden Machine Tool factory, but on the whole it remains a Soviet effort. There are also 50 Soviet experts to advise and train experts, and 100 Chinese experts are now gradually taking over.

Mr. Pang explained that, while China plans to build several more of these large motor factories, her demand is so enormous that she will continue to remain a market for heavy trucks from any industrial country able to supply them.

Another important aspect of China's vital motor industry has its centre in Chang Chun since the establishment last year of the Automobile Tractor Institute which eventually will accommodate 10,000 students from all parts of China. At present there are 2,700 students in the 16 ultra-modern laboratories and workshops of this institution which turns out highly qualified experts in all phases of motor production in a 5-year

course. Extensive building is now going on to expand the institute and to prepare for the large amount of students and teachers. There are now 180 professors and lecturers on the teaching staff, but their number will of course increase in proportion to the number of students admitted during the coming months and years.

I was shown over this most impressive institution by its Vice-President, Prof. S. P. Huang, a prominent academic authority in the motor engineering field who for 30 years taught at Shanghai's Communication University. He pointed out with pride the laboratories, equipped with the latest measuring instruments, most of them produced by Carl Zeiss, Jena in East Germany, and the vast workshop classes with their many types of cars from all countries and other costly teaching material.

Professor Huang, incidentally, gave me an insight into the attitude of many intellectuals to the new conditions in China. Professor Huang is completely happy about the changes which affected his country since the new regime took over, and he gave me the following reasons for it: Starvation, the age-old plague of China, has disappeared. That alone, he said, would suffice to make him happy. Further, industrialisation enables him to teach with a purpose. He knows that his students will do useful jobs after graduation. Finally he, as well as all highly qualified teaching staff, receives a sufficiently satisfactory salary to enable him to live comfortably and without worries. As a top grade professor he receives a salary of 300 yuan (there are six salary grades) and in addition the all-nation increase of 10 to 15 percent now carried out will make him even better off. One does, however, get the general impression that intellectuals like Professor Huang take an immense pride in the development of their country and that their desire to help in this construction work is of greater importance to them than the material remuneration.

There are many large industrial enterprises in Chang Chun, like a tobacco factory and a rubber shoe plant. It is also the seat of one of China's 6 film studios, 3 of the others being in Peking and 2 in Shanghai. I visited this Chang Chun studio which employs 1,500 and has been responsible for the production of some of the most popular films of the country, like the "White Haired Girl," etc. They produce 16 films during the year at an average cost of 200,000 yuan (£30,000), but their output is gradually increasing and by 1967 they will produce 30 feature films and 80 translations yearly. There are 6 studios with Japanese, East German, French, Russian, Czech and British camera equipment. At present the average time of production is 8 months per film, but if this can be reduced to 6 or 5 months, production will go up and more cameras and equipment will be needed. I saw the shooting of a few scenes, dealing with themes of fighting either during the civil war or in Korea, or showing the life on collective farms. Artists, although they naturally get their share of national acclaim, do not receive anything like the salaries of their Hollywood comperes. The highest wage here is 230 yuan, the lowest 50 yuan.

The whole impact of the North-East on China's industrialisation can best be seen at the permanent Industrial Exhibition at Shenyang (Mukden). I visited this 5-storey building crammed with working models and samples of the practically unlimited range of industrial products of the North-East. Apart from the numerous raw materials from pig iron to rare metals, there is every conceivable kind of modern machine tool, turret lathes, vertical lathes, horizontal lathes, universal lathes, drilling, crushing, milling machines, mining

machinery, ships, locomotives, pumps, ball bearings, motors, generators, in fact machines for practically everything. There are chemicals, foodstuffs, carpets, textiles, pianos, iceboxes, paper and so many other goods that they could only be enumerated in a catalogue. The machines are almost exclusively built after Soviet designs, and there is naturally an overwhelming predominance of industrial goods, commodity goods lagging far behind and luxury products being almost non-existent. This is logical in the present all-out drive for industrialisation.

But there are commodity goods available in increasing numbers, and I found that department stores — either state owned or combined state-private enterprises — have an astounding range of wares to offer in a number of price categories. Shops are full of buyers, and trade is brisk. The stores are open on Sundays and daily until 9 p.m.

As in most other Chinese towns, the progress made during the past 4 or 5 years is not immediately visible in the centre of the city. Most of the houses are ramshackle, old and neglected, and living conditions appear to be very low. The first realisation that considerable changes must have taken place is based on the observation that, although there is poverty according to western standards, there certainly is no squalor. Many tidily dressed people enter and leave the old houses: a sign that living standards have gone up though housing conditions remain poor. Another important consideration is the fact that there are no beggars while there



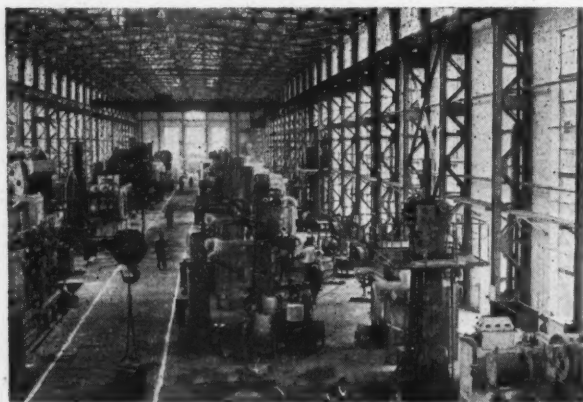
Workers' houses in Anshan

were thousands before liberation. The main explanation, however, offers itself just outside the centre of the towns. It is there that the combined master plan of simultaneous industrialisation and improvement of living standards manifests itself clearly; enormous areas are covered not only with the actual production centre, but also with the workers' living quarters. In other words, as industrialisation grows, so grows at the same time a new residential area which offers vastly increased living standards to the population. As this process, despite its breath-taking speed, cannot be accomplished all at once, the old parts of the towns still remain. But they do not convey the real picture of the situation without bearing in mind the newly-erected living centres, nor can one adequately assess what these new houses represent for the workers with-

out comparing them with the standards they were accustomed to in the old parts of the cities.

Thus one has to look upon the industrial sites, not only merely from the production point of view, but also as representative centres of improved living and welfare conditions. I visited, for example, the Mukden Machine Tool Factory No. 1 employing 5,300. It was built by the Japanese in 1935 as part of their arsenal, and was taken over in 1945 by the KMT who, however, merely used it as stables for the army. After liberation in 1948 it was immediately reconditioned as a lathe factory and one year later it started production. Between 1953-55 it was thoroughly modernised and enlarged with Soviet help, and is now producing a modern lathe every 65 minutes. But the interesting factor here, as in other plants, is the sociological aspect of the enterprise. The highest basic wage is 79 yuan, the lowest being 31 yuan. However, piece work enables the top grade worker to earn an average of 150 yuan a month. As production goes up, so does the workers' welfare. There is a hospital, a library, a nursery and even a dairy farm attached to the factory. Workers live in a new village where each of them has a little flat, complete with modern sanitation, running water and an average floor space of 14 square metres for which a rent of 1 yuan is charged per month, and an additional 50 cents for light. These prices are for families, while unmarried workers pay 70 cents a month for their accommodation, light and heating included. About half the workers use bicycles to get to the factory, while transport by bus costs under 2 yuan per month. There are 2 cinema projectors and a big building for spare-time schooling and adult education. The clinic is free of charge for the workers, their families being charged only half the fees for medicines. The factory also owns a sanatorium and is now building a large workers' club.

Shenyang, with its 2 million population, is still the largest city in the North-East, but other industrial centres are growing fast. Anshan, the famous seat of the iron and steel works,



A machine hall at Chang Chung Motor Factory

has increased its population from 170,000 in 1948 to 725,000 today. Only 2 hours by train from Shenyang, Anshan is the centre of heavy, primary industry. The iron and steel works employs 78,000 of the town's 185,000 workers and covers an area of nearly 10 square km. It is grouped around 9 blast furnaces of which 5 are fully automatic. A tenth, automatic, furnace is under construction. Fifty-nine different factories operate under the Iron and Steel Company, amongst



them 10 iron mines, 18 metal production plants like rolling mills, seamless tubes and steel sheet factories, the remainder being auxiliary and repair shops. Altogether the Anshan Iron and Steel Company produces more than 1,000 different products. I visited some of the factories and saw the blast furnaces, rolling mills and tube factories, and the production of steel rails, seamless tubes, bridges and drilling equipment. Construction is still going on to a full extent, and by 1960 the company will have a capacity of 2½ million tons of pig iron, 3,220,000 tons of steel and 2,480,000 tons of rolled steel yearly.

In Anshan I visited a workers' family in their little flat in one of the hundreds of neat houses which form the new part of the town. Nearly 1½ million square metres of floorspace of new accommodation has been built, and the new workers' city is still growing. The flats are all more or less like the one I saw: a smallish room with a little kitchen and bathroom. It was clean and cosy and showed obvious signs of a reasonable living standard, including a sewing machine which my hostess said she could never have dreamed of buying in former times, nor could she have had electric light. She is able to save 10 yuan a month and has no worries concerning her four children's education which is almost free of charge. Her 17 year old son wants to become a doctor and there is nothing to prevent this, though a few years ago he would hardly have had the opportunity of even finishing middle school. Her husband earns 75 yuan per month which is the average in Anshan, although steelworkers earn 100 yuan and iron workers 87 yuan.

People in the North-East still speak bitterly of the Japanese occupation, but I was agreeably surprised to find them of such political maturity that they did not blame the Japanese people, but the Japanese militarists who had brought disaster to them and to Japan alike. Even those who had personally suffered severely under the Japanese occupation said they did not see why the Chinese and Japanese people should not live in peace and friendship together. The basis laid by Japan for the industrialisation of Manchuria was, of course, one of the reasons for the choice of the new regime in China to concentrate the beginning of the country's industrialisation on that region. But on closer inspection it becomes evident that the Japanese destroyed most of the industrial potential after their defeat, and what had been left was blown up by the KMT.

Thus China's achievement in industrial construction remains nothing short of miraculous, and a visit to the North-East is an eye-opener as to the country's practically unlimited scope of economic expansion.

H. C. TAUSSIG

Australian Interest In New Guinea

By Charles Meeking (EASTERN WORLD Canberra Correspondent)

THROUGH a combination of sudden and significant newspaper interest in New Guinea, the publication of debates at the United Nations Trusteeship Council, and incidents related to the Indonesian-Netherlands dispute on West Irian, the Australian public has become rather urgently aware of how closely Australia's security, in the not-too-distant future, must be associated with the future of the world's largest island.

There are still too many Australians, however, who know little about New Guinea and care less. On the other hand, it is apparent at UN that Russia and several Asian nations are keenly interested in the area. The present Australian Ambassador in Indonesia, Mr. W. R. Crocker, a former professor of international relations at the Australian National University in Canberra, has recently reminded us that half of the great island is an Australian colony (with about half of that colony held under UN mandate), and that "it is impossible to exaggerate the difficulties today of guiding a colonial people towards modern civilisation without loss of reputation, and indeed without getting one's throat cut for one's pains."

He has even predicted that there will be racial troubles there, and that "we can be certain, too, that what goes on in Africa and the ideologies brewed there will closely influence the attitude of New Guinea natives." These views must be set against the still-undefined Australian strategic plans (for a nation in charge of a continent bordering three great oceans, with territorial responsibilities ranging from the Equator to the South Pole, and with nine million people a few hundred miles from 1,000 million Asians), and the studied suggestion at UN by a visiting mission that Australia should accept some help from outside in the enormous tasks of developing New Guinea.

Australia's policy is primarily "New Guinea for the New Guinea peoples," with plans, which suffer from a chronic shortage of funds, for bringing those peoples gradually and painlessly from the primitive and backward level on which most of them still live to a condition where they will be able to manage their own affairs in the modern world. No one in or out of the Australian Government is prepared to hazard a guess on how long this will take.

The official view is that needs in Australia's end of New Guinea, in order of priority, are the firm establishment gradually over the whole area of law and order, followed by extension of agriculture to raise the standards of nutrition and living in the inland sections, health services, and educational facilities. The school programme is admitted to be lagging, especially in the provision of secondary education. The estimated population in the 183,000 square miles of Papua and New Guinea (the latter being the mandated portion) is now about 1,750,000, of whom only 3,000 are Asiatics. It is believed that the number of natives may grow, with the development of industries and health services, to

10 or 20 million within a measurable period, but it is hoped to keep the European population (predominately white Australians) down to a maximum at any time of 50,000 or so. The number now is about 20,000.

Food promises to be a major problem. The present agricultural policy includes the introduction of livestock into the highlands and the diversification of crops, but the implications of expanded population so far as food supplies are concerned are already causing some headaches to the planners.

Plans envisage steady development into modern living of the whole of the population, rather than concentration upon sections, even those sections now in contact with civilisation. The trust of the native peoples is regarded as essential. It is recognised that the solution of one problem poses others. For example, a man in a village gains necessary skill as a carpenter and builder. It is then necessary for some other members of the community to grow sufficient food to feed him. Visits to Australia by New Guinea natives have had a wide and widening impact. In particular, the natives have seen white men doing manual labour, and have recognised the association between work and the fulfilment of material needs. This has helped to counter the "cargo" and similar cults, through which natives have believed that eviction of the white men would bring them all the desirable goods the white men now possess.

Natives can work in the Territory as casual labour or under written contract. The indenture system was abolished in 1939, and another review is in progress of labour legislation. No land can be acquired except by the administration, and Europeans are given leasehold only—another move in efforts to safeguard native rights in the future.

Australian New Guinea is envisaged, therefore, as a well-populated area having its own administration by its own people. The question of citizenship of Australia by New Guinea natives does not arise, and is not expected to arise, but New Guinea visitors will be made as welcome in Aus-

Any
questions
about

MALAYA?

(FEDERATION OF MALAYA AND THE COLONY OF SINGAPORE)

The Commissioner for Malaya in the U.K. and the Trade
Commissioner will be pleased to answer them

Contact them at:

MALAYA HOUSE

ROOM 4, 57 TRAFALGAR SQUARE, LONDON, W.C.2
Telephone WHitehall 9837 Telegrams Malawakil, London

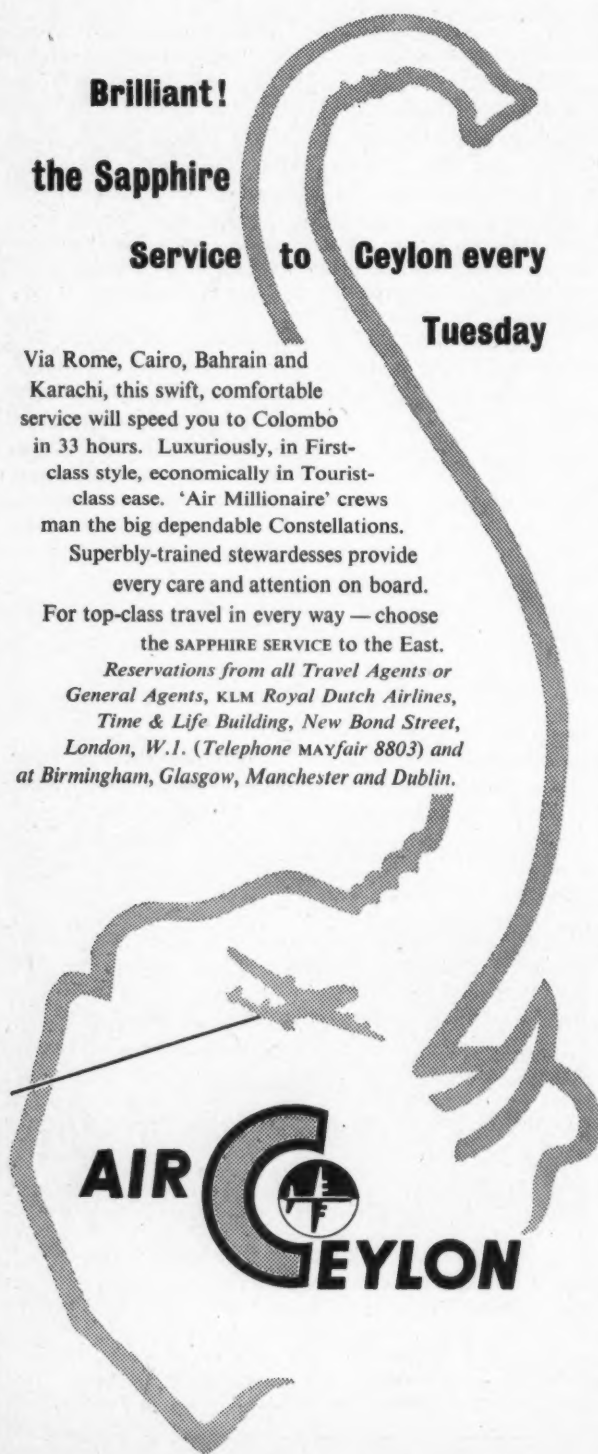
Brilliant!
the Sapphire
Service to Ceylon every
Tuesday

Via Rome, Cairo, Bahrain and Karachi, this swift, comfortable service will speed you to Colombo in 33 hours. Luxuriously, in First-class style, economically in Tourist-class ease. 'Air Millionaire' crews man the big dependable Constellations.

Superbly-trained stewardesses provide every care and attention on board.

For top-class travel in every way — choose the **SAPPHIRE SERVICE** to the East.

Reservations from all Travel Agents or General Agents, KLM Royal Dutch Airlines, Time & Life Building, New Bond Street, London, W.1. (Telephone MAYfair 8803) and at Birmingham, Glasgow, Manchester and Dublin.



tralia as Asians are today. Constitutional proposals as such have not been framed or published.

The poor nature of much of the country, the immense physical obstacles of mountains, jungles and swamps, the backward nature of the societies in which most of the natives live impose difficulties which are intimidating in themselves, but perhaps less important than other and less obvious ones. One is the impact of mission activity on native thinking and on education. Few of the mission schools — which are usually the only schools in tremendous areas—teach English, although the natives themselves and the administration both look forward to the day when English is known universally, rather than pidgin.

This phase of the problem is underlined by the 1955 report by Australia to UN on New Guinea, in which it was stated that "all elements of the population are secure in the enjoyment of human rights and fundamental freedoms without discrimination as to race, sex, language and religion, except to the extent that it is still considered necessary to preserve certain provisions relating to the indigenous inhabitants in order to protect their interests, particularly in such matters as land acquisition, trading, and industrial employment. . . . Religious beliefs and practices of the indigenous people receive protection and consideration. . . ."

Other sides of the picture include reports that there is considerable discrimination in the towns, and practically no social fraternisation, although most observers concede that these aspects are improving. There is a good deal of complaint that Canberra is cheese-paring in the supply of developmental funds, and some criticism of the fact that although large amounts are given to Asian nations under the Colombo Plan, presumably to assist Australian security, the bastion of New Guinea is largely neglected.

The Government answer is that the build-up in New Guinea must be prudent and gradual rather than spectacular. Dr. Robert Walker expressed it at the United Nations Council when he said: "The policy is based on example and persuasion, rejecting the use of force or the imposition upon dependent peoples of external forms of life and conduct. It is a policy dedicated to the development of all the peoples of the Territory, and not to the emergence of a privileged elite in their midst."

Australia has yet to prove that she can accomplish this major task without the outside assistance which has been suggested in the United Nations, but which it is felt might imperil Australian security eventually. The same consideration, of source, rather than any especially friendly feeling towards the Dutch, is responsible for the re-assertion of Australian support for the Dutch retention of West Irian.

The latter question is far from resolved. Talks by the Australian Prime Minister in Jakarta and pending moves by Indonesia at the United Nations may at least throw some light on the security aspect. In the meantime, reports say that although the Dutch are spending more per head in their section of New Guinea than Australia is in the eastern half, there has been far less opening up of inland areas. Darkest New Guinea is still dark, but the spotlight of Australian and world interest is now being played on it for the first time in history.

ASIAN SURVEY

ELECTIONS AND FOREIGN POLICY IN JAPAN

From A Correspondent in Tokyo

AT the elections to the House of Representatives in February 1955 the number of Socialist seats increased from 135 to 154. The question was then whether this result was a temporary one, soon to be obliterated by the traditional conservative attitudes of Japan, or whether it was the indication of a new trend toward the left. Or, perhaps better, had the left forces in Japan become integrated to such an extent as to become permanently a decisive factor in the political life of the country. After a fleeting appearance of a Socialist-led government in 1947 under Mr. Tetsu Katayama, most observers had become convinced that the Socialists would not be called upon by popular vote to take any decisive part in politics in Japan. The political fortunes of the country seemed to rest, for some time to come, with the Conservatives, notwithstanding their own internal strivings for personal leadership. However, in October 1955, the Socialist Party which had split into two over the question of the San Francisco Peace Treaty in 1951, re-united. It settled its disputes, at least with regard to non-socialist opponents. It showed a remarkable talent for reconciliation by compromise which one finds so often in East Asia.

The re-unification of the Socialists was one of the incentives for the Conservatives to take action on their part and to bury the hatchet of personal rivalries among themselves. By their consolidation, a few weeks after that of the Socialists, they moved Japan along the road towards the Two-Party-System which everybody in this country considered as the most desirable form of parliamentary democracy.

On July 8 last, elections for half the House of Councillors (Upper House of the National Diet) took place; 52 candidates were competing on the national constituency and 75 on the local constituencies. The number of candidates this time was considerably smaller than in 1953 when 447 were running for the seats in the Upper House. The consolidation of both, the Conservatives and the Socialists, resulted in both parties avoiding weak candidacies. The main aim of the united Liberal-Democrats (the Conservatives) was to obtain the two-thirds majority necessary for the revision of the Constitution, while the consolidated Socialists aimed at more than one third of the seats in order to frustrate the Government-sponsored revision movement. The results of the election were a triumph for the Socialists:

	Number of Seats	
	before	after
Liberal-Democrats	122	122
Socialists	68	80
Ryokufukai	43	31
Labour-Farmers	2	0
Communists	1	2
Minor Parties	0	1
Independents	8	14
Vacancies	6	0
Total	250	250

A number of factors contributed towards this second spectacular success of the Socialists. Firstly, the excellent and effective election organisation. In 1950, the party was represented by candidates in only 41 prefectures and in 1953 in 34. This time, Socialist candidates were represented in all but one prefecture. In 34 prefectures, therefore, the vote can be compared with the 1953 elections. The results are rather impressive. In 26 prefectures, Socialist votes increased since the last elections. Eight prefectures registered losses, but in three the drop was less than one percent; in only two, more than five percent; and in four others the total party vote gained though the percentage went down. The percentage achievements were substantial; in a number of prefectures they reached more than 20 percent.

During the electioneering period, foreign policy and anti-American sentiment was much played up by the Socialists, particularly in connection with re-armament being stepped up under American initiative. Re-arming was alleged to perpetuate American control of Japanese affairs and, at the same time, making Japan involuntarily the object of hostile attention of her neighbours. Reports about unfortunate incidents over the dispossessing of Japanese landowners in Okinawa by United States Armed Forces were welcome as campaigning issues. Some Socialist candidates suggested that a return to Japan of Okinawa would, in turn, be followed by the Soviet Union handing back the Kurile Islands. Last but not least, the Socialists were able to capitalise on the many diversions and tensions within the Conservative camp composing the present Hatoyama Government.

The result of the elections called for a debate with the conservative party with a view to establishing the responsibility for the debacle. "Intra-Party Reform" is the new slogan under which the main representatives of the various conservative factions are now discussing the steps deemed necessary for the near future. Anti-Hatoyama feeling within the conservative camp is growing not only as a result of the elections, but not less of the haggling over the choice of delegates to the new peace talks with the Russians. The protracted negotiations on who should head the delegation to Moscow were on personalities as well as on methods and aims. There is disagreement among the conservatives between those advocating a speedy settlement with the Soviet Union and those counselling a more cautious and reluctant approach. Mr. Mamoru Shigemitsu, the Foreign Minister, who led the delegation to Moscow, represents the "cautionists." Mr. Shunichi Matsumoto, who handled the frustrating talks in London last year, accompanied the Foreign Minister.

The Shigemitsu-Matsumoto combination might offer the impression of a bipartisan foreign policy as far as the peace talks with the Russians are concerned. However, foreign policy in Japan is not the undisputed subject of bipartisan statesmanship supported by general public opinion. On the contrary, it is an issue of heated debate not only between

various groups of the conservative party, but also of deeply ingrained differences between the Conservatives and the Socialists. Both argue that their aims and methods will benefit the people of Japan. Rumour has it that the Foreign Minister would have preferred not to accept the direct responsibility for the negotiations with the Russians, but was faced with the alternative of having to resign his Cabinet membership. The fact that the Foreign Minister assumed the leadership of the peace delegation does not make its task easier. When Mr. Kono, Minister of Agriculture, went to Moscow to come to terms with the Russians on fishery problems in the north-west Pacific, it transpired towards the end of these negotiations that they settled the fishery issues temporarily, but on condition that direct peace negotiations would follow immediately, to start not later than July 31, with the indication of an early compromise. This Kono-Matsumoto approach was to be presented in Moscow by Mr. Shigemasa Sunada, generally believed to be Mr. Kono's proxy. Much shunning and shifting of responsibility eventually resulted in Mr. Shigemitsu having to accept the direct and immediate leadership of the peace negotiations.

It is difficult to say whether the representation of both views, the "cautionists" and the "expeditionists" in the Japanese Delegation to Moscow will strengthen the stand of the latter, by indicating a bipartisan policy, at least *ad hoc*, or whether the presence of opposing opinions will be a handicap. One of the few contact points between the Socialists and the Hatoyama faction of the conservatives is that both are set upon speedy normalisation of Japan's relations with their Communist neighbours, Russia and China.

THAILAND

Political Stirrings

From A Correspondent Lately in Bangkok

Several events have recently ruffled Thailand's customary political tranquillity. Considered in isolation, these events may appear of no great importance, though they were hotly debated locally; but if seen in a wider context, they reveal a good many things about certain domestic and external trends in Thai politics. The first stone into the quiet pond was thrown by an American press correspondent who in two factual articles gave a fairly correct picture of growing public concern over corruption. It is an open secret that this concern had also been shared by Peurifoy, the late American ambassador, and with good reason, for the United States is putting more and more money into Thailand's economic and military build-up.

The American press story contained nothing that had not been generally known, but coming from a respectable American paper it was reprinted in full (with a few distortions in the translation) in the predominantly anti-Government press in Bangkok. And the Government, with an eye on forthcoming provincial elections and nation-wide elections next year, got unusually upset. The author of the critical articles was threatened with not being allowed into Thailand again (though with typical Thai flexibility everything was forgiven and forgotten when he turned up a little later at Bangkok's airport for Vice-President Nixon's swing through Asia).

It may or may not have been a coincidence that the Government, while still angry over the American press criti-

cism, began to turn a new leaf in its policy towards China. Taking as its cue the relaxation of the embargo, especially the opening up of Malayan rubber exports, the Government all of a sudden found that there was no real bar to direct trade connections with China.

Other straws in the wind were quick to come, including sponsorship from government circles for an exhibition of Chinese paintings.

Again it was the American press that caused yet another stir in Bangkok's political circles. This time it was not criticism of the Thai Government, but of the present US ambassador, a career diplomat, who came under fire first from one and then from another American paper for kow-towing too much to Prime Minister Pibul while alienating other Thai circles by lacking diplomatic smoothness. The Prime Minister's paper, not surprisingly, came out in support of the present ambassador, while criticising his predecessors for (1) "knowing too much about Thailand" (Stanton), (2) "not understanding the real intentions of the Thai people" (Donovan), (3) "working too hard for the interests of the American people and too little for the direct benefit of the Thai" (Peurifoy).

The Thais are polite people and even those Thai newspapers that would otherwise be critical of US policy, now showered praise on the ambassador. And meanwhile the Prime Minister made it known that Thailand, if asked to provide a stop-over place for high-ranking Russian visitors on their way to Cambodia, would be glad to provide the necessary facilities. And—yet another straw in the wind—the public prosecutor released a former Thai police chief who, after having spent nine years in exile in China with the former Thai Prime Minister, Pridi, had returned to Bangkok. This police chief will now enter priesthood and he is asking pardon of those he had "wronged" in the past. The up-shot of all this appears to be that US policy, anxious to fend off influences of neutralist policy from other Asian countries, is intent on strengthening still further the hands of Field Marshal Pibul Songgram; while the Thai Government, realistic as always, will try to get as much out of this situation as possible.

UNITED STATES

Asian Issues

From David C. Williams

(EASTERN WORLD Washington Correspondent)

The public hearings held by the resolutions committees of the Democratic and Republican Parties at their quadrennial conventions give a pretty good indication of the subjects in which the American people are interested. In the process of formulating the party programme (or "building the platform," as American political parlance has it) the committees play host to prominent statesmen, the spokesmen of organisations large and small, and even individuals who speak for nobody but themselves.

It is somewhat like a British Royal Commission, but conducted with complete informality under the glare of television lights, and with the audience taking full part by cheering its favourites. Traditionally, the Presidential candidate is not bound by the "platform," but it has come to have increasing importance as the old emphasis upon personalities in

American politics is yielding to a growing interest in issues. To judge by these "platform" hearings the two Asian topics behind which the most zealous partisans have rallied are aid to economic development and resistance to the admission of Communist China to the United Nations.

Running through the testimony given to the platform committees were two major new themes. One was criticism of the over-militarisation of American aid—the disproportionate amount allocated for armament, and given to a few areas such as Formosa, South Korea, and South Viet Nam. Both the Truman and the Eisenhower Administrations are blamed for this.

Opinion seems definitely to be turning against the military overtones of American aid. This change in opinion is related in the sharp decrease in the antagonism to Asian "neutrals" once felt strongly both by Republicans and by Democrats. Although the Administration, on this question, has become badly entangled in contradictory statements and actions, the change is real, and would be accelerated if the Democrats win the Presidency this year.

The spearhead of the opposition to the admission of China to the UN is the "Committee of One Million," whose sponsors include Senator Paul Douglas among the Democrats and Congressman Walter Judd, a former medical missionary to China, among the Republicans. It is seeking pledges of opposition to Chinese membership in the UN from both parties, and has rallied behind it a large number of ex-servicemen's and "patriotic" organisations.

Virtually alone, the Women's International League for Peace and Freedom has testified in favour of UN membership for China. Its representatives received a courteous hearing, but no support for their views. In spite of the decline in anti-Communist hysteria in recent years, few organisations or individuals dared to support their view for fear of being labelled "pro-Communist." Yet everyone expects that China will be admitted to the UN next year, and serious thought is already being given to how the United States Government can permit it without losing face.

PAKISTAN

Police Methods

From Our Karachi Correspondent

An interesting question has been raised by the action recently of Mr. I. I. Chundrigar, then Acting Prime Minister, in ordering an enquiry into the death of a poor and obscure ice-vendor, one Noor Mohamed Memon, who was alleged to have committed suicide while under interrogation at Karachi Police Headquarters. The interesting question is whether the present Government has the power and the courage to tackle the problem of cleansing the public and administrative life of Pakistan which, if no worse than any other and doubtless a good deal better than in a number of countries, nevertheless has given cause for disquiet.

Certainly the strength of purpose of Noor Mohamed Memon's widowed mother has lit a fuse which continues to smoulder pungently. Memon was taken to Police Headquarters on June 30 last for interrogation in connection with a case of theft. The same night, his mother was asked to

remove his dead body from the hospital mortuary, the explanation being that during questioning he flung himself through the window of the third-floor room where he was being examined. When the bereaved woman went to the mortuary, it was whispered to her that her son had not died by suicide, but by violence inflicted by others. As a result, she refused to prepare the body for burial but took it to the house of Mr. Chundrigar and asked for an interview. She remained at the gate with the body until the interview was granted and the consequence was that Mr. Chundrigar ordered an immediate enquiry by the District Magistrate.

The enquiry led to the arrest of nine policemen, ranging in rank from a Deputy Superintendent down to constable, and also an informer. One of the police officers was conditionally released on turning approver. The allegations against the accused are that during the interrogation of Memon he was treated with such violence that he died and his dead body was thrown out of the window in order to give the impression of suicide. Not only this, but another person, Suleiman Ahmed, who was being questioned along with Memon, was taken out of Karachi by the police and moved from one place to another until Ahmed was able to slip away and appear before the District Magistrate sixteen days later.

These events have started not one, but several hares. The Minister of the Interior paid a surprise visit to Police Headquarters in Karachi and found two unauthorised interrogation rooms. The visitors also found an unauthorised apparatus for tapping telephones and files and papers said to be of considerable interest were removed.

It has been common knowledge for some years that the conduct and activity of the police throughout Pakistan has been unsatisfactory. Whether this is entirely, or even largely, the fault of the police is another question. Both the police and magistracy, in their daily work, have constantly been the subject of outside interference, the exercise of rank and seniority and all those sinister influences which exist where the public administration is impure.

It is unfortunate that in the present instance the matter has shown a marked tendency to crystallise around the Karachi Police and around individuals. The Assistant Inspector-General, C.I.D. Karachi Police, was sent on leave and is now Superintendent of Police, Sukkur. An agitation grew up against the Inspector-General, an Englishman, Sir Oliver Grace, who has since resigned. But it would be most unfair if the Karachi Police and its officers are left to carry the burden of administrative failure. In recent months the public has been shocked by instances of commissioned officers of the Armed Forces who have embezzled either mess funds or public money and there have been one or two compulsory retirements of senior officers the object of which was, evidently, to avoid further scandal. In the civil services talk of corruption is continuous.

The question therefore is: can the present Government undertake a thorough cleansing of the administration and of public life? The present Prime Minister, in private conversation, has more than once expressed his dismay over the cancers that are eating into the body politic, and in his speeches he has referred to the necessity of restoring moral values. His personal sincerity cannot be doubted. He is a man of high principle and of a simple, somewhat austere, mode of life, but to do all that is required heads would have to roll in the sand and it is, to say the least, doubtful whether the present Coalition Government has the requisite strength and determination.

INDONESIA'S LANGUAGE QUESTION

By R. Moerdowo

ON August 17, 1945, President Sukarno and Vice-President Mohamed Hatta proclaimed the independence of the Republic of Indonesia and at the same time set the seal on the recognition of the Bahasa Indonesia as the official language of the new country, for the proclamation was made in Bahasa Indonesia and broadcast to the world in that language, while the first constitution of the young republic was written in it.

This language was deliberately chosen by the Nationalists and just as deliberately recognised and used when Indonesia gained its independence. It is a new language and is quite distinct from the older languages of the Archipelago, yet its origins can be traced far back into pre-history.

To understand this paradox — how a language can be both new and yet rooted in history—it is necessary to examine its development from its earliest appearance to its present form.

Bahasa Indonesia has its origins in the group of languages used by the so called Austronesian peoples who in pre-historical times lived in an area extending from Madagascar in the West to the Easter Islands in the East, and from Formosa in the North to New Zealand in the South.

The German scholar W. Schmidt maintains that their language consisted of the Malayan Polynesian Austronesian group, embracing the Indonesian, Polynesian, Melanesian and Micronesian group languages. The Indonesian language group consisted of the Tavorlang in Formosa, the Tagalog in the Philippines, the Tondano, Tembulu and Tonsea in Minahassa, the languages of the Dajak in Kalimantan (the Kajan, Busang and Ngadjudju tribes), the Toradja and other languages in Sulawesi, the Javanese, Sunda and Madurese languages in Java; Melayu, Batak, Atjeh, Minangkabau, Nias and Lampung languages in Sumatra; the languages of the lesser Sunda islands of Bali, Lombok, Timor, Roti, Sumba, Sumbawa and Bima; the languages of the Moluccas and the Alifuru.

Chinese traders visiting the Archipelago at this time found a high degree of civilisation. The Malay language had already spread to several parts of Indonesia during the period of the greatest Hindu penetration of the islands as is illustrated by several seventh century inscriptions which have been found, such as that at Kota Kapur at Bangka (686 AD). These inscriptions are all written in Old Malay and the language has obviously been influenced by the Sanskrit of India. It is thought that these inscriptions were made during the time of the Melayu and Cridwidjaja kingdoms of Sumatra when, indeed, Old Malay was used extensively as a medium of trade, especially in the coastal areas.

When Islam came to Indonesia, its adherents used this Malay language for the propagation of the faith, and with the development of Malacca as the central trading port of South-East Asia, Malay became of even greater importance as the main means of contact throughout the Archipelago even as far as the Moluccas.

The conquest of Malacca by the Portuguese in 1552 and its subsequent development as a centre of the spice trade,

made no difference to the increasing use made of Malay, for the Portuguese continued to use it to communicate with the native inhabitants. The Dutch East India Company and later the Dutch Government itself continued to make use of Malay, as did the Christian missionaries, and a translation of the Bible into Malay was made in 1701.

It is clear that a universal language had developed, not in its original purity, but one whose terms and idioms have been freely borrowed from the regional languages and from Chinese, Arabic, Sanskrit, Persian, Portuguese, Spanish and Dutch. There are different kinds of Malay—Higher Malay, Lower Malay, Ambon Malay and Jakarta Malay—but it is Market Malay which is the lingua franca throughout the Archipelago and although each kind of Malay has its own peculiarities and individual idiom, each is understood by the other.

Indonesia was not isolated from the development of nationalism in the Far East and the Nationalists consciously began to use the Malay language. However, it was part of the Dutch colonial policy to impose their own aims and culture by means of Dutch which was the official tongue in the schools and universities. The use of Malay was therefore in the nature of a protest against the system and the Nationalist movement became so strong that at the Congress of Indonesia Muda (Young Indonesia) on October 28, 1928, the members took a solemn oath swearing that they recognised only one country: Indonesia—one people: Indonesian—one nationality: Indonesian—and one language: Bahasa Indonesia. No mention was made of the Malay language, but the Congress adopted and proclaimed Bahasa Indonesia as the national language.

This new adopted language is based on the Malay tongue but has been adapted to the needs and development of the Indonesia of today and is now quite distinct from it. The Nationalists based it on Malay because this language was already easily understood and simple to learn and also democratic in that, unlike other Indonesian languages, Market Malay is used by all classes and has no stratification of expression, almost amounting to a different language, as is found in High and Low Javanese which corresponds to the higher and lower classes. Even the various kinds of Malay do not differ acutely and the Nationalists were wise to build up a national language on such a widely accepted basic tongue.

Although the Dutch continued to give preference to their own language, Bahasa Indonesia continued to gain ground and many of the younger intellectuals began to use and so develop it. A Young Writers' Association, the "Pudjangga Baru," produced a magazine which made the public more familiar with the new language, while a Dutch Government Publishing House, the Balai Pustaka, put out several books in the different languages of Indonesia including Malay. But much of the work of poets and writers could not be published owing to the censorship exercised by the Authorities.

With the Japanese occupation during the Second World War, Bahasa Indonesia came into its own, for Dutch was prohibited and Bahasa Indonesia became the official language.

(Continued on page 35)

FROM ALL QUARTERS

Buddha Statuette Unearthed in Sweden

One of the most remarkable archaeological finds in Europe has recently been made at Lillön, an island of Lake Mälär, in which an iron-age trade centre is being dug by Swedish scientists. The find, a 1,700-year-old bronze image of Buddha, is said to be the second object of this kind to be found in European soil, the first having been unearthed at the Forum Romanum.

The statuette has led to speculation as to the existing communications in those times. The finding of a fine artistic treasure such as this in a then barbarian town points to links with the East long before the Viking travels.

The statuette depicts Buddha resting upon a lotus flower, and when found had a ring around its neck, first believed to be of silver. After it was cleaned by scientific methods it was found that the ring was a piece of leather, and it is interesting to think that the figure was perhaps hung as an amulet round the neck of an iron-age Swede.

Korea to Produce Documentary Films

Modern film-making equipment to the value of \$65,000 has been received in Seoul, where production will soon begin on Government-sponsored educational, documentary and information-type motion pictures for distribution at home and abroad. The material, provided by the United Nations Korean Reconstruction Agency, includes a 35mm. motion picture camera with accessories, sound recording and studio lighting equipment. A further \$35,000 has been allocated by UNKRA for subsidiary equipment.

Archaeological Discovery in Ceylon

Archaeological remains establishing the existence of a race of people in Ceylon prior to 543 BC, the year in which Prince Vijaya of India landed in the island with a band of followers, have been found by Dr. S. Paranavitana, Archaeological Commissioner of Ceylon. The remains were found at Thammanawa, on the west coast, where Prince Vijaya is believed to have landed, and consist of pots containing human bones buried deep under the ground.

Vijaya was the eldest son of Sinha Bahu, King of Sinhapura in the Lata country, North India. He was banished from his father's kingdom with a band of seven hundred followers because of his lack of respect for the customs of the people and his cruelty. His arrival in Ceylon marked the beginning of the Sinhalese race, which is 2,500 years old.

There are no written records, or genuine traditions, to help to ascertain the particular type of civilisation which flourished in Ceylon prior to that date, but the fact that people of some kind lived in the island before Vijaya's coming cannot be lightly dismissed. The finding of stone implements, cave-paintings and megaliths support this theory. The best evidence, however, comes from the *Mahavamsa* itself, that source book of Ceylon history, which refers to the existence of Nagas and Yakkhas in the country.

It is said that when the Buddha arrived in the island for the first time in 588 BC, nine months after his enlightenment, he was met by a large number of Yakkhas at Mahiyangana. The *Mahavamsa* states that the Buddha made the Yakkhas leave the country, thus making it safe for men. The Indian



School children in the Pacific island of Niue (population 4,763) are getting the first textbook ever published in their language, sponsored by the New Zealand Education Department. Missionaries were the first people to write down the language of the island and until now the only book in the vernacular was the Bible. Picture shows island children learning to count, using seeds as counters.

epic, the *Ramayana*, also mentions the existence of Yakkhas in the island.

The Ceylon chronicle makes reference to two other visits to Ceylon by Buddha. One was to Nagadipa, in North Ceylon, to settle a quarrel between the Nagas, Mahodara and Culodara, and their respective followers regarding a valuable throne. In 580 BC the Buddha paid his third and last visit to the island accompanied by 500 disciples. This was to Kalyani (modern Kelaniya, near Colombo) at the invitation of the Naga King Maniakkhika.

Though the *Mahavamsa* does not give any details about the Nagas, about their appearance, customs and so on, yet it is clear from the little it contains that the Nagas were an intelligent race with a fairly advanced civilisation.

Whether the Nagas in North India had any connection with the Nagas of Ceylon is not certain, but it is interesting to note that the practice of burying bodies in pots was prevalent in the Tinnevely district in India many centuries ago.

Housing Conditions in Asia

Unless resolute measures are taken housing conditions in Asia are almost certain to get worse instead of better in years to come. This is the view of some fifty housing experts and senior government officials from nineteen ECAFE countries who last month concluded the fourth session of ECAFE'S working party on Housing and Building Materials in Bangkok.

Despite determined efforts the housing shortage in Asia is more acute than in any other region of the world, and solution of this problem is not yet in sight.

To build more and cheaper houses conditions must be created in Asian countries for long term financing of housing construction along the lines customary in more developed countries. Building methods should be modernised and the use of local building materials encouraged. Other recommen-

dations were concerned with the coordination of housing programmes, development and strengthening of aided self help, revision of land acquisition legislation, building codes and building legislation, also rent control and tax reliefs, and a study tour for housing experts.

Delegates, though appreciative of government efforts to stimulate building programmes, felt that in view of existing bad housing conditions, growth of populations and movements of populations to towns, more intensive measures were required. They emphasised that the state will have to play an active part for many years in stimulating and planning housing construction, and suggested that greater attention be paid to coordination in planning for provision of raw materials and design and construction of houses.

Before drawing up practical proposals, the delegates reviewed the housing situation in Asia country by country and stressed that more emphasis be given to construction of houses in villages where three quarters of all Asian houses are located, and where very little has so far been done to get better and more houses built.

USSR and Nepal Establish Diplomatic Relations

The governments of the Soviet Union and Nepal have decided to establish diplomatic relations between the two countries at the rank of Embassies.

Japan to Start Television Clubs

Japan is launching a Unesco-sponsored pilot experiment in the use of television for rural adult education which is patterned after an earlier experiment carried out in France with Unesco cooperation.

According to a contract just signed between Unesco and the Japanese National Commission for Unesco, at least 40 community viewing groups, or "tele-clubs," will be formed this year in schools and civic centres in the areas covered by the transmitters of Tokyo, Nagoya and Osaka to test the validity of applying to Japanese conditions experience gained in the formation of similar tele-clubs in French rural communities. Japanese educational and broadcasting authorities will also produce a series of at least 13 special programmes designed to demonstrate vital problems confronting Japanese agriculture and to suggest ways to solve them through the introduction of modern techniques. A comprehensive social-survey will assess the effectiveness of the scheme.

To prepare this experiment, Unesco granted a fellowship to Mr. Shigenori Arimitsu, audio-visual expert in the Adult Education Bureau of the Japanese Ministry of Education, so that he might study the European experience in the use of television for rural adult education. Mr. Arimitsu has been in France since February 1956 and is visiting the United Kingdom and Italy before returning to Japan where he will become Secretary General of a special committee which will be in charge of carrying out the experiment there. The chairman of this committee is Mr. Rakasaburo Naito, Director of the Adult Education Bureau, who signed the contract on behalf of the Japanese National Commission for Unesco.

Soviet-Korean Talks

Talks between the Soviet Government and the government delegation of the Korean People's Democratic Republic, headed by Kim Il Sung, which visited Moscow recently, have resulted in the proposed expansion of Russian economic and technical assistance to North Korea. Provisions have been made for increasing the supply of equipment and materials

from the Soviet Union for the development of the country's economy, and in particular the Soviet Union will help in increasing the capacity of the Hynnam mineral fertiliser plant, which will be of great importance for the development of the republic's agriculture. Foodstuffs and consumer goods are also to be sent in increased quantities.

Both sides exchanged views on the measures taken by the government of North Korea to extend business, economic and cultural ties with South Korea and to permit the freedom of movement between the two parts of the country, but noted that these overtures had met with little response from the South Korean authorities.

Australian Aid for Pakistan

The Government of Australia has agreed, in response to a request from the Pakistan Government due to bad crops in 1954-55 and severe floods last year, to send 3,000 tons of wheat worth £A100,000 under the Colombo Plan.

The proceeds of the present gift, as in case of the previous Australian gift of wheat, will be devoted to a development project in Pakistan which is acceptable to the Australian Government.

Letter to the Editor

Sir,—The June, 1956, issue of *EASTERN WORLD* carries a report entitled "Laos—High Stakes" from a correspondent in Vientiane, which contains serious errors concerning the true character of the so-called Pathet Lao problem. It makes misleading statements about the family of His Highness Tiao Souvanna Phouma, the Prime Minister, in particular the following passage:

"The two men had met last year and opinion has been widespread ever since that a settlement of the Lao problem would depend on an understanding between them."

This misinterprets the true nature of the problem which faces the Government concerning the settlement of the Pathet Lao question. Such a settlement cannot depend on an agreement between two persons only, but solely on the goodwill on the part of the representatives of the "Fighting Units" of the Pathet Lao and their willingness to accept the Geneva Agreement in respect of the sovereignty and unity of the Kingdom of Laos, as stipulated by the final declaration of the Geneva Commission.

The task of mediation is not a family affair but an affair of state, and as such concerns not only the future of Laos but also the political situation in South-East Asia generally. It is also incorrect to assume that a third brother of His Highness Prince Souvanna Phouma is playing a role in Laotian affairs in Bangkok.

Finally, I would like to point out that no relative whatsoever of the Prime Minister's has ever been arrested during any political gathering.

I would be grateful if you would kindly publish these corrections to your correspondent's misleading statements.

Yours etc.,

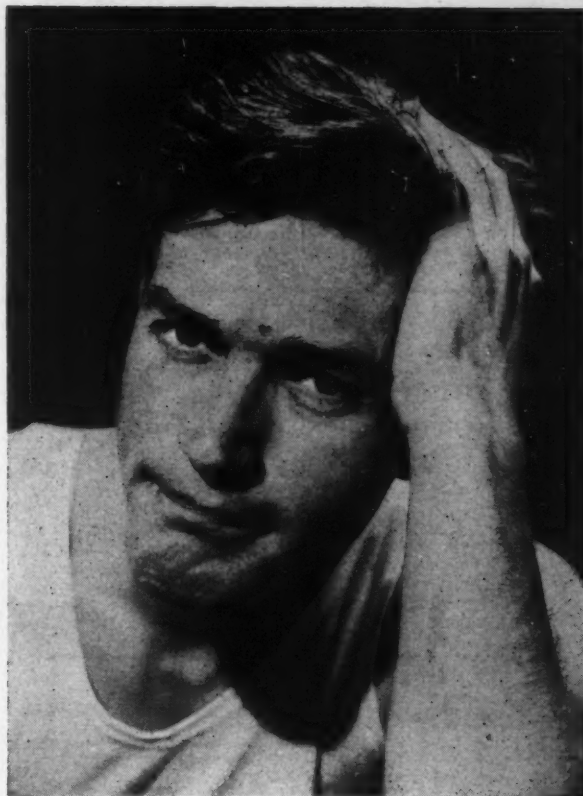
C. S. CISOUK

Secretary-General to the
Council of Ministers.

Vientiane,
Laos.



**The other athletes
got there first!**



I should have flown B.O.A.C

I should have flown B.O.A.C

I should have flown B.O.A.C

I should have flown B.O.A.C

Consult your local B.O.A.C. Appointed Agent or any B.O.A.C. office.

BRITISH OVERSEAS AIRWAYS CORPORATION



The Culture and Marketing of Tea

C. R. HARLER

Since the first edition of this book was published in 1933, fundamental changes have taken place in every aspect of the tea industry. These developments are outlined by the author with scientific accuracy, but in language understandable to the layman. The conclusions set out at the end of the book are of considerable interest and importance. *Second edition 25s. net*

An Introduction to Egyptian Colloquial Arabic

T. F. MITCHELL

This book aims at teaching proficiency in the educated colloquial of Cairo as a language in itself. The material both in the Grammar and the Texts is 'live', and of real use to the average European in the situations in which he may expect to speak Arabic in Egypt or elsewhere in the Arab world.

20s. net (20 September)

By the same author: *Writing Arabic, 21s. net*

Advance In Africa

A Study of Community Development in Eastern Nigeria

I. C. JACKSON

What is 'Community Development'? Broadly, the author defines the term as 'encouraging a community to undertake, on its own initiative, the various steps necessary to enrich the life of the community both materially and spiritually'. Mr. Jackson tells of the practical experience of himself and others and discusses the apparent essentials of community development everywhere.

Illustrated 7s. 6d. net

The Structure of the Ottoman Dynasty

A. D. ALDERSON

'... a work of scholarship which goes far to reveal, and therefore to disperse the secrets of the home life of the Sultans ... His book is a monument of industrious research and will be of the utmost value to future scholars'. Sir Harold Nicolson in

The Observer 80s. net

OXFORD UNIVERSITY PRESS

BOOKS on the

Science and Civilisation in China, Vol. II by JOSEPH NEEDHAM (*Cambridge University Press, 80s.*)

To review adequately this comprehensive survey of Chinese philosophical and early scientific thought would require a volume almost as large as the work reviewed. The eleven sections (8-18 inclusive) comprising this volume of nearly 700 pages provide a wealth of material for the student of human thought; even where the reader may disagree with some of the learned author's conclusions, the reading of the argument will prove stimulating.

As Volume I laid the general groundwork for the whole seven volumes, so this volume is also basic for the more specialised studies which are to follow. After a provocative introduction (section 8), comes a detailed examination of Confucianism, the study of human nature and principles of government. The following section examines closely the school of Taoism and its view of nature, the various primitively medical and psychological techniques which marked the transition of Taoism from a philosophic system to a religion. The student of Taoist texts will here find some new interpretations where the author differs from previous translators, most of the reputable versions have obviously been consulted—here and there the author comments on the work of his predecessors and gives his reasons for his adoption of a different interpretation.

The study of the Mohists or Logicians and that of the Legalists shows the same penetrating zeal and there is no flagging in the author's enthusiasm. For him all human thought-systems provide a great adventure and he is alert to link Chinese streams with parallel rills of Greek speculation. Such comparative study will be of the greatest help to the student trained in the humanities, and it is of first importance to the western scientist.

Section 13 (of 130 pages) sketches the fundamental ideas of Chinese science. Here the author shows that the common idea in the West that the Chinese had no science is completely false. Scientific ideas the Chinese had in plenty; what they lacked was the urge to full exploitation of scientific notions. Chinese cosmogony is seen to be founded on a scientific basis, the Naturalists had sound reasons for their propositions, and the Five Element theory is presented in such a way as to demonstrate that it is not the meaningless mumbo-jumbo some early students of things Chinese took it to be. The blending of various systems in the Han dynasty is especially well described, authorities not generally known are laid under contribution here. This section will make some demands on the reader, especially the sub-section in which Dr. Needham expounds his view of the system of the Book of Changes (*I Ching*).

The next two sections are devoted to early Chinese ideas on divination, geomancy and other pseudo-scientific preoccupations of the early Chinese; and the impact of Buddhism on the established thought-system of China. Here again the careful reader will come upon a closely integrated argument tending to put what have hitherto been scattered fragments of human discovery and experience into place as part of a grandly-conceived scheme. The interplay of Chinese established thought processes with instinctive and intuitive conviction

THE FAR EAST

tions, with the new conceptions of Indian thought and with the slow changes which were slowly developing in the purely Chinese system itself is well explained. Then the later schools of Buddhist, Taoist and Confucian thought are examined, leading to another closely-packed section dealing with Human Law and the Laws of Nature in China and the West. By philological analysis as well as by text-examination, the author attempts to define the actual conception of law itself as comprehended by the Chinese at different stages of their experience. We remember being impressed by the author's L. T. Hobhouse Memorial Trust Lecture on this subject in 1950; Dr. Needham has gone much further afield in this study.

The book is rounded off with a comprehensive bibliography in three sections. To say that it is a fine achievement in publishing would be an understatement (though it is a pity the Chinese characters in footnotes have to be so small). In days when books tend to cost much more than they should, the feast here provided by authors and publishers for four pounds is of the highest possible value.

NEVILLE WHYMANT

Coote Bahadur by E. W. SHEPPARD (*Werner Laurie, 25s.*)

This biography of a great British General is very welcome. The author, an expert military writer, presents a well marshalled and informative account of the life and times of Lieutenant-General Sir Eyre Coote (1726-1783) sufficiently detailed to enable the general reader to understand what sort of man Coote was and wherein lay his eminently rightful claim to military renown. That he was a man of strong and determined character whom his colleagues in high positions often found difficult is rightly made clear; but as his biographer so successfully brings out the times themselves were difficult, and much is to be forgiven a man of his stern sense of duty.

Of his military pre-eminence there is no question. Major Sheppard ranks him third on the list of great British Generals, after Marlborough and Wellington. He rose to fame on the battlefields of South India where he destroyed for ever the rival bid for power by France. Later in a series of brilliant victories, in which that of Porto Novo (1781) is classic, he saved this part of British dominion in India from the all-but successful invasions of the famous Mysore free-booter and military ruler Hyder Ali, father of Tippu Sultan of Seringapatam fame.

The reader is given the necessary background of the appalling state into which the administration of the British army had fallen in the first half of the eighteenth century. As a consequence discipline was of the harshest and punishments were ferocious. Yet those men under unimaginable hardships of sickness and climate founded an empire. They were the forerunners of those soldiers whom the greatest of Generals of all time, Napoleon, described as the finest infantry in the world.

The Sepoy army of the Company were worthy comrades in arms. They adored Coote and he had a high opinion of their bravery and loyalty. It was he who instituted the first British medal ever given to an Indian soldier.

Major Sheppard's biography does justice to its illustrious



A brilliant
new novel by

HAN SUYIN

author of *A Many-Splendoured Thing*

AND THE RAIN MY DRINK

'Some people will dislike this book. It is too impartial, too fearless and too compassionate for prejudiced or timid minds. It is Han Suyin's picture of Malaya at this dramatic, complex moment in its history . . . against this background she tells her story, introducing a wide variety of characters . . . Han Suyin's story will compel attention and admiration, because of the great force of her intellect, candour and humanity, as well as because of the rare beauty of her writing and the superb power of her storytelling.'

The Rt. Hon. Malcolm Macdonald, P.C.

The Book Society's July/August Choice

16s. net

JONATHAN CAPE

THE KORAN INTERPRETED

A. J. Arberry

In his earlier book, *The Holy Koran*, Professor Arberry investigated the reasons why the Koran had failed to capture western imagination, and established that the principal cause was the inadequacy of all existing translations, and their failure to do justice to the rhetoric and artistry of the Arabic text. The enthusiastic reception accorded to this little book, particularly in the world of Islam, persuaded him to devote himself to this full-scale translation of Koran.

"There is little question that *The Koran Interpreted* will be regarded as the first really worthy translation of the Muslim Scriptures."

GREAT BRITAIN AND THE EAST
2 vols. 45s.

GEORGE ALLEN & UNWIN

DESIGNING FOR INDUSTRY

By F. C. Ashford. Illustrated. 27/6 net. "This is a book of great value to all those intending to become industrial design consultants, and indeed, is full of useful information for those already in practice . . . The carefully selected bibliography is an excellent guide . . ." —Design.

A HANDBOOK OF INDUSTRIAL WELFARE

By R. R. Hopkins, M.I.P.M., M.I.I.A. A practical handbook that summarizes the factors that arise in applying a welfare programme in a business concern. 17/6 net.

" . . . the book should prove a most useful guide." —Machinery Lloyd.

ELEMENTS OF ECONOMICS

By S. E. Thomas, B.Com. 10th Edition. This standard work succeeds in presenting the elementary principles of Economic Science in as clear and interesting a manner as possible. It meets the needs of students working for the various professional and academic examinations for which a basic knowledge of economics is required. 30/- net.

PITMAN

Parker Street - Kingsway - London - WC2

VIENT DE PARAÎTRE:

FRANCE—ASIE

Revue mensuelle de Culture et de Synthèse
franco-asiatique

No. 121-122

- | | |
|-----------------|---|
| Frithjof SCHUON | * Vicissitudes des tempéraments spirituels. |
| Werner TOMASI | * L'Inde et les sciences il y a deux mille ans. |
| Alfred MEYNARD | * Digressions sur l'art chinois. |
| George HUMPHREY | * Tanah Merah. |
| Pierre GRISON | * L'Asie et son art. |

UN INEDIT DE HENRI DEYDIER:

NU PHUOK

Jataka traduit du pâli

LA MERVEILLEUSE HISTOIRE DE THMENH
CHEY L'ASTUCIEUX (FIN)

Conte populaire, traduit et adapté du cambodgien
par Pierre BITARD

DOCUMENTS

Texte et Protocole de l'Accord d'Aide économique
sino-khmer conclu à Pékin le 21 Juin 1956

Notes — Chroniques — Lettres — Poesie — Histoire — Arts

POUR TOUS RENSEIGNEMENTS:

EN FRANCE:

Editions DOMAT, 2, rue des Italiens — PARIS (9^e)

EN ASIE:

"FRANCE-ASIE," 95, rue Nguyễn-van-Thinh (ex-rue d'Ormay) Tel.: 20.084

ou écrire: Boite Postale n° 79 — SAIGON (Sud Viêt-Nam)

subject, and should become a standard work. A picture of the British fighting man in his service uniform of those days would have been welcome—just to show how preposterously unsuitable it was for service in a tropical climate. The extracts from Coote's despatches given in the appendix are a useful addition. The term "sun-up" (p. 41) for sunrise is a fact which explains why we adopt a different attitude towards neologism for the reviewer.

W. A. GARSTIN

T'ang-Yin-Pi-Shih, a 13th Century Manual of Jurisprudence, translated by R. H. VAN GULIK
Leiden: E. J. Brill, 27 guilders)

Dr. van Gulik has ranged widely over Chinese literature from a detailed study of the horse-cult in China, India and Japan (1935), through a study of Chinese inkstones, translations of Chinese works on the lute (1940-41), down to a detective novel, *Dee Goong An*, translated in 1949. In some sense the present work is a continuation of his detective studies: it is a complete version, with abundant notes and relevant information from related sources, of a magistrate's handbook, used regularly by Chinese officials down to the early years of the Republic. An introduction in three parts is of the greatest value to students and the annotations are so complete that the student is not sent searching the library shelves for further information. Although the book is primarily a treasure for the sinologue, readers interested in jurisprudence and the mechanism of Chinese courts of law will find it a valuable and trustworthy work of reference.

N.W.

The Art of Asia by HELEN RUBISSOW (New York: Philosophical Library, \$6.00)

Although obviously written with the best intentions, a compilation of this nature is inevitably unsatisfactory. To try and present the whole complex structure of Asian art, "Asian" in this case ranging from the Mediterranean to the Far Pacific, within the small compass of 232 pages is at the outset an impossibility. The resulting sketchy introductions to such highly developed cultures, as for instance that of Indonesia (condensed into four pages of text and four illustrations) is to stress certain cultural attainments at the expense of other, often more valuable, achievements. The brevity of such accounts makes them useless to either the student or the general reader. In the present study, for instance, the whole of Javanese art is confined to a description of the Wayang-Barabudur is dismissed with a sentence, and the links between Javanese art and its Hindu parent are not even mentioned.

T. R. I. SHAW

Chinese Social History by E-TU ZEN SUN and JOHN DE FRANCIS (Washington: American Council of Learned Societies, \$7.00 net)

The American Council of Learned Societies has done much, especially since the Second World War, to foster such independent research as might not readily find a commercial publisher. Two new works show what can be done to make available to western students material which would normally be beyond their reach. *Chinese Social History* is a valuable work of reference for the social historian: 21 writers exhibit (in 25 essays) some part of the socio-historical pattern of China from pre-Christian days down to comparatively modern times. It may be said that the contributions are somewhat uneven in value: some writers are more interested in etymological detail than in the minutiae of social development. This

will gratify the Chinese scholar though it will merely irritate the sociologist. Nonetheless, every article has a solid contribution to make to the armoury of the comparative sociologist. The Committee on Chinese Studies of the ACLC is to be congratulated on making this publication possible.

NEVILLE WHYMANT

REVIEW OF REVIEWS

AS China's first Five Year Plan is reaching its fulfilment before the scheduled time (industrial production by the end of this year will have attained the level originally planned for 1957) the question most often asked by China's friends and foes alike is: can China's agriculture furnish enough raw materials for industry as well as food for a growing population? Experts like Prof. W. W. Rostow of Massachusetts Institute of Technology forecast that in order to keep up with domestic consumption, industrial requirements and export quotas, China would have to increase agricultural production by 13 percent between 1952 and 1957. This he declared would be virtually impossible owing to various factors, chief among them the peasant's reaction to such techniques as collectivisation, high taxation and compulsory grain deliveries—all of which would hamper the incentive to produce more food. But facts are beginning to speak for themselves, and the vast programme of agricultural collectivisation which China has now embarked upon will not only consolidate the political power in the rural areas, but as a social experiment may have far reaching consequences on the agricultural systems of other Asian nations.

The main stages which led up to the collectivisation plan and an examination of the official reports on progress and difficulties encountered are summarised in an article by S. B. Thomas in **Pacific Affairs** (New York, June). The article is based on official Chinese documents and shows that the difficulties confronting China's planners are being frankly admitted, as are the failures as well as the successes. The agricultural producer cooperatives are only a step in the direction of full collectivisation which will only take place when remuneration for land is abolished and the individual shares of land become the collective property of the cooperative as a whole. For the time being primary attention is being given to organising the "lower level" agricultural producer cooperatives.

China's intention is to achieve full collectivisation by the end of the Third Five Year Plan in 1967. The technical reform of agriculture (mechanisation etc.) would take twenty to twenty-five years, but the formation of cooperatives has been taking place even more rapidly than anticipated, and the author concludes that Chinese Communist policy has

READ

MANAS

—the eight-page weekly devoted to world thought, religion, psychology, philosophy, and social affairs—with a special interest in the growing cultural unity of East and West. \$5 per year—free sample copies on request . . .

Write to MANAS PUBLISHING CO., Box 32112, El Sereno Station, Los Angeles 32, California, U.S.A.

ASIA is a New Continent To-day
KNOW IT BETTER

through

Asian Recorder

A Weekly Digest of Asian Events with Index

A MUST Reference Work on ASIA

For all Libraries, Universities, Colleges
Newspapers and Public Bodies

Write to:

Manager, **ASIAN RECORDER**
10 Sikandra Road, New Delhi, 2 (INDIA)

For Your Sales Promotion!

THE MALABAR HERALD

The only English Weekly Newspaper on the
Malabar Coast

Now in its 52nd year of Publishing

Covers an area of about 15,000 square miles —
densely populated with top literacy

POTENTIAL AND POPULAR MEDIUM

Contact:

THE ADVT. MANAGER, POST BOX 31, COCHIN-1,
S. INDIA.

THE THEOSOPHICAL BOOKSHOP

carries an extensive range of books on **Theosophy**, Occultism, Mysticism, The Occult Arts and Sciences, Religion, Science, Psychology, Astrology, etc.

ORIENTAL LITERATURE

Mention Your Subject.

All Enquiries invited

Catalogues post free

68 GREAT RUSSELL STREET, LONDON, W.C.1

definitely entered on the Soviet-patterned road of collectivisation and the speed of the transformation of Chinese agriculture will now be limited mainly by technical and economic obstacles. The growing need for financial aid for agriculture in China is underlined in a summary of the state Budget for 1956, published in *People's China* (Peking, No. 14). Of the total expenditure during the year, more than half of it, over 16,000 million yuan, goes for economic construction—one third more than in 1955—and the total value of industrial production and the output of grain and cotton will reach or exceed the targets originally planned for 1957. An interesting feature of the budget is that while emphasis on the expansion of heavy industry is maintained allocations for light industries and agriculture have been greatly increased. The budget allots over 2,180 million yuan for agriculture, forestry, water conservancy and meteorological services, over 50 percent more than in 1955. It is recognised that the growth of agricultural production has an important bearing on the growth of industry. 1955, for instance, witnessed the slowest growth of industry—the total value of production rose very little over the preceding year, the reason being that agricultural produc-

tion fell short of the planned targets. An important feature of the budget is the cut in national defence expenditure—this year it is nearly 6 percent less than last year's allocation.

A reappraisal of Tao Yuan-ming "the poet who loved chrysanthemums" as every Chinese schoolboy knows, appears in the September issue of *China Reconstructs* (Peking), a well-produced and lavishly illustrated monthly which always carries articles on lesser known aspects of Chinese life and culture, as well as on the present day achievements. The article points out that although the Tang dynasty poets, Li Po, Tu Fu and Po Chu-i are well known among English speaking people, Tao Yuan-ming has been comparatively neglected, and even misrepresented as a recluse, a man who fled to nature away from life. But Tao's life was a hard one—he preferred the life of a farmer with all its recurrent hardships to the comparative ease of being an official. His ideal of a Utopia is found in perhaps his most famous poem, "Peach Blossom Springs," which embodied his outlook on life and made Tao a poet for all time. The article contains numerous translations from Tao's work and illustrations to some of his poems.

ON A TRAIN IN CHINA

By Han Suyin (EASTERN WORLD Special Correspondent lately in China)

BECAUSE my father was a railroad engineer, I lived a great deal of my childhood on the railway. Our family went rolling from north to south and back again along the black streak which slashed the yellow loess plains of North China, camped in the cement and brick bungalows reserved for railway staff in the small stations, and spoke and thought of the railway much of the time. For me, then, railways have peculiar, sentimental significance.

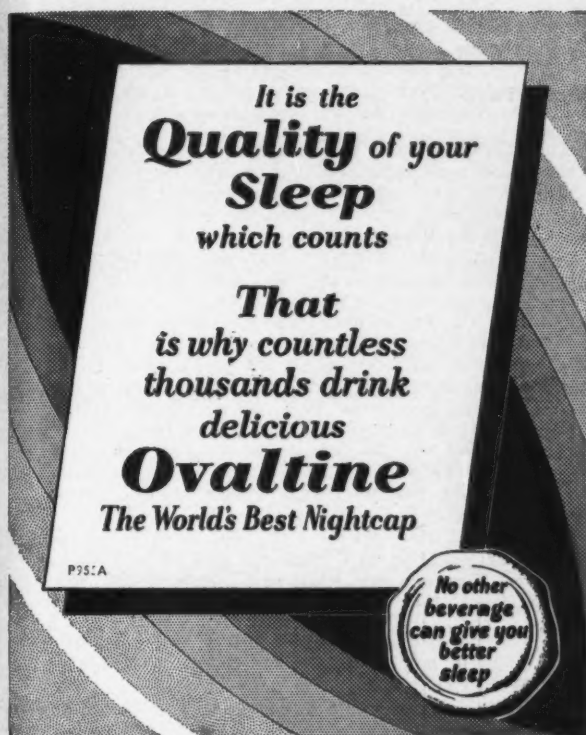
I remember occasions "on the railway" when I was five, six, or seven, with father grim, disputing the coaches to the warlords "they want them for their troops up north . . . they want them for their war in the south" . . . refusing the beams, asking for the steel rails they tore up, supervising the re-stringing of the telephone poles alongside the track, trying to save the engines from General X, Marshal Y and Governor Z. Those were seemingly endless wars, in the China of forty years ago. Throughout their turmoil, father and others like him kept the railway going, even if only at intervals, and even sometimes spoke of a train being on time. I remember the joy one sunny morning when after months of anxiety, father said: "At last, a truce, it won't last a week," and we took the day off. Since we were staying at a small station near the Sand River, I took my spade and pail, as if going to the seashore. In the shadow of the railway bridge spanning the yellow trickle of water running between vast sandbanks we washed our feet. A train rushed overhead singing its abrupt song, "Peking express," said father, and took out his watch, as all engineers did when a train passed.

And now I was back on the railway of my childhood, familiar even if different. Differences did not worry me. I was never one of that solemn sect who deem their memories too precious for change, and become disconsolate if space and time alter what they hold with such exact pleasure. Too many travellers have kept—in their heads, in great personal comfort—a mental image of China as inevitably full of misery, dirt

and rags, and cannot otherwise conceive it. They become despondent, even today, when faced with cleanliness, well-fed people, no beggars and of course no flies. That these things have gone, as have the warlords of my father, is no matter for regret, and so the new happiness, cleanliness, orderliness did not disturb my old and cherished memories. On the contrary, as I rocked in the old, now the new, railway, I felt a childhood joy, I knew the past and the present had met, acknowledged each other and harmonised, a reconciliation natural as sunlight after rain, day after night.

I spent my first night on the railway with what I suppose one would describe, in some countries, as a "Red" commissar. He was medium sized and thin with a crew cut, wore a faded grey suit, was shod in heavy brown brogues made of some rough, suede-like skin which he informed me later was resistant to rain. I was the only woman in the "soft" coach (there are only two classes of coaches on Chinese railways, hard and soft), and he and I occupied the two lower berths of a four-berth compartment, the upper ones being empty. This arrangement seemed completely natural, being made by the coach guard, no one minded and it was much later that I began to wonder, but only for a brief minute, whether my friends beyond what is whimsically called the Iron Curtain would have been worried by such equality of status.

Anyway my commissar and I spent the night unworried by each other's presence, and the next morning he unbent enough to ask me whether I would join him in a game of poker with four of his comrades in the next compartment. His friends were a teacher from Tibet, an engineer going to Mongolia, and two other people whose professions remain unknown to me. We shook hands and started playing poker and of course they soon found out I did not know how to. Yet in these two months in China I have never yet been on a train without being asked to play poker. In all the



**It is the
Quality of your
Sleep
which counts**

**That
is why countless
thousands drink
delicious
Ovaltine
The World's Best Nightcap**

P25: A

*No other
beverage
can give you
better
sleep*

many games of poker I have now played, the routine is the same. We play, and someone, often the waiter from the restaurant car, stands by me to impart the rudiments of basic poker in a tactful manner. After a few rounds we relax, sip green tea and the questions begin. Someone hands me a cigarette. "Where do you come from?" "Singapore." The professor of archaeology (or the commissar, or the reformed capitalist) slaps the railway guard (or the cooperative farmer, or the minorities representative) on the shoulder. "There you are. I told you she was an Overseas. Look at her clothes." I then answer hundreds of questions on Singapore, Malaya, rubber, bankers, how many millionaires, Mr. Marshall (everyone I have met on trains in China has read of Mr. Marshall), the cost of living, my cats, . . . after a few hours my voice becomes hoarse, and by the time I reach my destination I am usually unable to converse above a ragged whisper.

Another pastime on Chinese trains, one dating right back to my childhood, not new like poker, is eating. I had indeed forgotten the gastronomic enjoyment of travel by train. I was to recover it with a bang. Good Heavens, I thought, watching the first day, how much these people eat! And then suddenly I saw myself, eight years old, going off to Tientsin, and remembered how I started to chew with the first hesitant pull and hoot of the engine, and only stopped masticating when, with the usual frenzy of a family overloaded with luggage, we hurled ourselves pellmell on to the platform of our destination. But I remembered also how, when we ate, dozens of beggars would crowd round the windows, watching us eat, and this was no more.

Now at every small station the whole train tossed out and raided the food sellers. Each place still had its speciality;

roast chicken, proffered now by a white coated employee and handled with tongs, where it had been blueclad peasant women tendering it on large furry leaves of some forgotten tree; *mahuas*, twisted doughnuts shaped as braids; sesame pancakes . . . it's not possible, I thought as I watched my friends from the soft and the hard coaches engulf enormous plates of rice washed down with chilli chicken, cabbage and pork, soup made with eggs and tomatoes, then like a ravenous horde consume *mahuas*, pancakes, ham, and half an hour later fill another platform with clamour for roast chicken.

I resisted for a day, then gave in, thinking that I would start dieting when I got to Peking. Heartily I devoured with the rest, but never could achieve the same quota as a tiny girl with long pigtailed bobbing down to her hips, clad in the trousers and blouse of the new generation, who could put down a chicken, half a pound of roast pork, four pancakes, three slices of bread, a cup of milk, three fried eggs and a pot of yoghurt for breakfast. "Everyone gets fatter in this country," said my commissar (and how true his remark, when I met once-slim schoolmates of mine, in Peking, later on!), "even the Soviet woman comrades . . . though they're quite robust to begin with, they all put on five to seven *catties* while they're here." He was immensely pleased with this.

It was not only the food, it was that everyone could afford the same kind of food. Food was so cheap, it was ridiculous to think back to the price of pork or vegetables in Malaya. We all ate the same things now, and that was important and wonderful. It was not only wonderful to me, but also to the people who ate. They spoke of it often, for it was a miracle that those who starved could now have their fill, of the same dishes, at the same tables.

Since I am not a fleet-eyed, all-seeing correspondent, I could derive no significant or sensational conclusions, vital to world peace, the pacts, and East-West relations from what I saw or heard or enjoyed on my train journeys. I merely enjoyed them, and the people I met and with whom I talked. Apart from poker and food, there was one other thing which no journalist has yet mentioned, and which I noticed, looking through the window: the trees. Everywhere they were, on the hilltops and the slopes and the valleys, along the fields and the pathways and the roads and the railway. At first, in the south, I thought: Wait till we come to the north. But when we came north I knew the plains were no longer barren, for as far as eye reached were these small young trees, green pennants like hope itself waving its banners under the sky. I was filled with overwhelming, suffocating happiness and said to "my" commissar, who was settling down for the afternoon siesta with a novel tucked inside his "History of Dialectical Materialism": "Look at the trees. Everywhere."

He looked. "Of course." He went back to his book. "We've got lots more to plant, all round the Gobi desert, a dozen million or two dozen at least, and millions more in the northwest." He said it calmly, as of a job to do that would, inevitably, be done. Of course it would be done.

The familiar names of the stations rolled by, and the old-new land with its dower of rivers and valleys, hills and farms and lovely fields, and the trees. Of course. It was only natural. Many other things would also come about, just as the trees had. They were fulfilment of dreams, achievement, happiness, not only for one child, but for many millions, and they were inevitable as sunlight after rain, day after night.

20th CENTURY CHINESE PHILOSOPHY

By Sir John Pratt

THE period which Father Brière deals with* is a landmark in world history for it was in this half century that philosophers and men of action laid the foundations of the new era which has now begun in China. His book contains much that will be of great value to students of the Far East, for the thoughts in the minds of men are the causes of events, but the movement of ideas might have been related more closely to the political developments of the time. It is no easy task to compress even fifty years of Chinese philosophy into less than a hundred pages, and the task has been made no easier by Father Brière's attempt to divide the Chinese thinkers into "occidentalists" and "orientalists." A better classification would have been idealists and realists, for even the Marxist writers do not disown their Confucian heritage but seek to reevaluate the ancient philosophy of China.

The vast Confucian background must also be kept constantly in mind. Father Brière mentions the four Confucian virtues and the Six Arts held in honour by Confucianism but he confuses *li* which may be translated courtesy and good manners with *li* which means reason, and he nowhere explains that *li*, the first and greatest of the four Confucian virtues, is not mere formal propriety but the inner self control which gives beauty and dignity to the outward expression of the natural goodness of heart which should govern our intercourse with other men. The Chinese have schooled themselves to practise restraint, moderation and courtesy, to keep strict control of the emotions, to maintain a tranquil and reasonable attitude without either violence or passion and this conscious training of the mind, which they call *li*, has produced a mellow civilisation, the fruits of which are the exquisite manners of the Chinese of all classes, their imperturbable quiet dignity, their friendliness and good feeling.

After the fall of the Mongol Dynasty in 1368 China became introvert and hostile to foreign influence. Under the system which had been instituted before the Christian era only scholars who had passed the State examinations were qualified for appointment to official posts, but in the "Eight Legged Essay" which candidates were now required to write they were not allowed to express views that differed from the neo-Confucian rationalism of the famous Sung Dynasty scholar Chu Hsi. The Eight Legged Essay has been denounced as "a form of evil which has eaten into the heart of the nation." The springs of knowledge, art and inspiration gradually dried up and Confucianism declined into an arid and pedantic formalism which attached importance to appearance and paid no attention to the reality behind.

At the end of the 18th century China was a great and well ordered empire with a civilisation that throughout the ages had won the admiration of mankind. She then plunged headlong into an abyss of corruption, misgovernment, banditry, piracy, rebellions and foreign wars and it was not until the end of the 19th century, after the crowning humiliation of defeat by Japan, that the Chinese turned for inspiration to the thinkers of the west and the national revival began. Translations of Spencer, Mill, Hume, Adam Smith, Montesquieu, Darwin, Kropotkin,

Schopenhauer, Nietzsche and many others poured from the press and Huxley's *Evolution and Ethics* became the bedside book of the students. The intellectuals were convinced that in "science" and "democracy" they had found the panacea for China's ills and, when the Manchu Dynasty abdicated in 1912 they believed that Parliamentary institutions, borrowed from the west, would flourish when transplanted into the Confucian soil of China. The one great achievement of this period was the literary renaissance for which Hu Shih is justly famous. The movement which he started freed China from the classical style of writing and created a literature in the language of the people. But the evils of "democracy" were greater than any China had yet endured and the chaos was made worse by a violent campaign against Confucianism which agitated intellectual circles from 1915 to 1920.

After the war the climate of opinion changed. Liang Ch'i-Ch'ao, who held an eminent place in the intellectual and political world, returned from a sojourn abroad convinced by what he had seen in Europe that the civilisation of China, though materially backward, was spiritually superior to that of the west; and Liang Sou-Ming, in a celebrated book, *The Civilisations of East and West and their Philosophies*, declared that "the world civilisation of the future will be the renovated civilisation of China." The intellectuals now believed that what China needed was a combination of the philosophies of east and west — the neo-Confucian rationalism of Chu Hsi, which recognised only positive facts and observable phenomena, their relations and the laws which determined them, combined with the pragmatism which Hu Shih had learned from Dewey, a philosophy which taught that ideas were instruments to deal with actual situations and laid emphasis on results.

The facts of the postwar situation were the disastrous failure of "democracy," the success of the October revolution, the betrayal of China by her allies at Versailles, and the return of Russia, now Soviet Russia, to the Far East. Sun Yat Sen, as he lay dying in 1925, left a last message for his people that China and Russia should travel the same road together, and, with the help of advisers sent from Moscow, China was transformed into a One Party State. It was generally agreed that China must adopt the sciences and methods of the west but the danger was that this might involve the abandonment of just those ideas and beliefs that justified the claim that the Philosophy of Life of the east is superior to that of the west. In the west, for example, a system by which the rights of the individual are maintained by the rule of law is regarded as the essential characteristic of a civilised society, whereas Chinese thought has given all its attention to the moral problem. This point is well brought out in a book published in Chungking in 1944, *Comparative Ethics* by Huang Chinen-Chung, which Father Brière describes as "one of the most searching syntheses in the field of ethics published in China for the past fifty years." He adopts the four Confucian virtues as criteria for moral judgment and points out that Chinese civilisation has fused morals and politics, has insisted upon the equality of moral duty and has created order by codes of courtesy and good manners. The west on the contrary has joined morals with religion, has developed a public, exterior ethics and has given all its attention to equality of law.

After 1927 the intellectuals paid increasing attention to the theories of Marx and Lenin. "The Marxist group was at all times the most influential . . . the most prolific in the world of ideas," and today "the dialectic is the most widespread method of thought in China" but the dialectic was not imported into China from the works of Mark and Hegel, as Father Brière appears to suppose, it is embedded in the structure of the Chinese language. An idea is expressed by the synthesis of contradictions. The Chinese do not speak of the length of an object, they

* Fifty Years of Chinese Philosophy 1898-1950 by O. BRIERE, S.J. Translated from the French by LAURENCE G. THOMPSON (Allen and Unwin, 21s.)

speak of its *long-shortness* (ch'ang-tuan). The ancient wisdom of China is found in the proverbial sayings which spring to the lips of scholar and peasant alike. The proverb "tou pi yu tui" (everything must have its opposite) reflects the Confucian belief that things come into existence by the interaction of two opposites, the *yin* and the *yang*, the active and passive forces.

Father Briere tells us much that is of great interest about Feng Yu-lan, whose *New Rational Philosophy*, published in 1940, is "the most important philosophical event of these past ten years in China"; Chang Tung-sun who "is incontrovertibly the best representative of occidental philosophy"; Ai Ssu-ch'i, a Marxist whose *Philosophy of the People* is "a masterpiece of popularisation with an unheard of success: thirty two editions in twelve years." Chu Kuang-ch'ien, "the great master of aestheticism" whose *Letters to the Young* ran to more than thirty editions; Chin Yueh-lin, "one of the most distinguished metaphysicians of modern China, endowed with a true creative talent," and many others but Mao Tse-tung is barely mentioned and there is nothing at all about the *Thought of Mao*, the philosophy on which the New Democracy is based. This is rather like the tragedy of Hamlet with the Prince of Denmark left out. He might also have mentioned Liu Shao-chi, the most authoritative exponent of communism in China whose book *On the Party* is used as a text book for communists. "China's problems," says Liu, "cannot be solved as some people seem to think by memorising Marxist works or just by quoting from them . . ." In the theoretical field Mao Tse-tung was boldly creative discarding certain specific Marxist principles and conclusions that were obsolete and incompatible with the concrete conditions in China and replacing them with new principles and conclusions that are compatible with new historical conditions. This should help us to understand how communism, like the dialectic, is something that has grown up in the Confucian soil of China.

The philosophy of beauty, the relation between art and religion, and the idea that the aim of life is the search for truth, beauty and goodness—these are subjects that Chinese scholars have always found attractive. Chu Kuang-ch'ien believes that the highest form of practical morals is artistic activity, and like many other writers on these subjects he reserves to the concept of beauty a higher place than the concepts of truth and goodness. "The themes of scholars can move my soul as much as the Venus of Milo or the Ninth Symphony. The more profound the delight experienced the more beautiful and full is life. The artistic conception of life is the delighting in life. When this delight exists man is like a free and happy spirit." Feng Tzu-k'ai believed that "art is a superior activity of man which expresses

a transcendent world, for in the grasping of beauty the eyes of the soul are more important than the eyes of the body."

Tsai Yuan-p'ei maintained that the era of religions is ended but the consolations for the miseries of life which man seeks in religion he may now find in the enjoyment of beauty. "It is art which creates the attraction of religion. Beautiful sites are chosen for temples which are beautiful works of art. A beautiful concert, a beautiful tragedy, do they not elevate the soul as much as a religious service? And in nature what themes of profound emotion. The immense ocean, the starry heavens, the great landscapes of mountains, are they not elevating of themselves?" Fu Tung-hsien thought that religion drives man to correct himself. "The religious experience is a complex psychological state made up of many aspects, the pure sentiment of love, the supreme ideal good of morals, the aesthetic sense of literary art, the wisdom of the mind by which one can reach the ideal world of pure love, pure beauty, pure truth, pure goodness . . . Art is the soul of human life. If there were no art mankind would lead a cold mechanical life like the animals. Art is the manifestation of human progress." Wu Mi declares that the relation between religion and art is that of end and means; "the religious spirit is the end, the cultivation of art is the means. Religion is comparable to the fruit, art to the flower . . . In antiquity in the east as in the west the greatest art is founded on the religious spirit which activates great epochs and great talents. If one wishes to reach the sanctuary of religion the best means is to penetrate it by the cultivation of art."

The Marxist writers took part in the debate. In *New Aesthetics*, published in 1948, Tsai I, the most distinguished philosopher in this group, sought to demolish the conception of subjective beauty: "I teach that the beautiful is an objective reality, that the beauty of objective reality is the source of the aesthetic sense and of artistic beauty. Consequently the path of exact aesthetics is to observe the beautiful, to grasp the nature of the beautiful in things, that is, the real." Hu Man, a Marxist writer, is a good example of the lunatic fringe who label everything "exploitation." In the preface to his *History of the Fine Arts in China* he writes "Art in the past was based on the exploitation of the people, the workers. It is now a question, therefore, of restoring to the common masses their artistic heritage." But the mind of modern China is perhaps best expressed in the words of Hsu Chih-mo whom Father Briere describes as the foremost Chinese poet of the present century. "There is no better means of attaining to the good than by way of the beautiful; our aesthetic intuition is a much surer criterion than our instinct, our moral sense."

Chinese Wonderlands

By Neville Whyment

IN the first decade of this century travellers in China could occasionally come upon albums filled with curious drawings and paintings representing startling, marvellous, or even impossible groups of people, animals and things. Now and then a verse would give some clue to one or other of the pictures, but often the picture stood alone—not even the painter's name was inscribed on it. These albums were individual productions; not being published they soon became rare items.

Furthermore the album told no connected story. For a long time collectors speculated on the nature of such efforts; few collectors were, perhaps, scholar enough to read Chinese literature, and so they lacked the essential clue. Yet there

have come down to us many collections of "Wonders," "Tales of the Marvellous," "Life-stories of the Immortals" and so on, from the first century AD onwards.

Apparently the Chinese have always been fascinated by individuals who are mercurial in temperament. To them are ascribed miraculous powers, divine origin and the like; they are licensed eccentrics who must not be judged according to purely human standards. Of such men were Tung-Fang so, a prominent scholar and statesman of the Han dynasty, and Li Po, the "Banished Immortal," supreme lyric poet of the T'ang dynasty.

One of the early wonder-books is the *Fêng Su Tung* (Popular Legends) of the second century AD. This set the

pattern for many later works of the same kind. In them famous personages become stars in the firmament, animals turn the tables on men, women are foxes at one period of the day and irresistible sirens in human form at another. Dead people rise from their biers at night to become vampires, returning to their resting-place at the first gleam of dawn. Details are given of a country where all the people have flying heads; these leave their bodies during sleep, travel incredible distances during the night, and return to the appropriate bodies in the morning.

Now most of the collections of tales of the marvellous which were printed and circulated from the eighth century onwards were not illustrated. They were conceived as serious works explaining otherwise incomprehensible phenomena, or they were written accounts of local folklore intended to explain local names, ballads or legends or simply for the amusement or satisfaction of the compiler. It was, perhaps, never thought possible that these small books would have more than a local circulation; they were, therefore, produced as simply and cheaply as possible. Then in the seventeenth century came P'u Sung-ling, who wrote in superb antique literary style his *Liao Chai Chih I* (Weird Stories from the Liao Studio), an unparalleled collection. Here are all kinds of wonders set down in exquisite prose, an irresistible provocation to any artist to represent those wonderlands which the physical eyes of men have never seen.

These albums, then, were the efforts of retired officials, secluded scholars and artists, to represent the stories of weird and wonderful happenings recounted by long-dead writers. Some of the best of the albums date from the end of the eighteenth and the early decades of the nineteenth centuries, though some examples of fine workmanship were being executed in the 1890s. Very few have appeared in the present century; perhaps the stormy years of the close of the Manchu dynasty, the struggles of the new Republic and its consequent decline under Japanese and Communist attack, gave no leisure for the production of such works.

Apart from stories of men who could, unaided, fly through the air (by control of breath and other bodily powers), there are records of men who vanished into or issued from solid rocks forming mountain sides, who ascended into the sky and vanished from human sight forever, who walked unharmed through blazing fires and deep torrents, there are others telling of mortals who took no earthly food, so ethereal had they become, but subsisted only on dew and moonbeams. One party of such beings once made a trip to the moon; on their return they told a wonderful tale of their entertainment by the Lady Ch'ang O who, according to Chinese legend, lives there.

A story is told of a young man who went with his father to visit an old friend who lived in a temple. The youth was left to wander among the cloisters while his elders talked. In one colonnade he was attracted by a huge wall-painting in the centre of which was a young girl of dazzling beauty. By the style of her coiffure it was obvious that she was a maiden; the young man gazed longingly at her until, finally, she noticed him and beckoned him to join her. Unhesitatingly he walked forward and found himself in a large room where preparations for a wedding were going forward. He soon discovered that he was to be the bridegroom and that the peerless beauty was his bride.

When the two elders came to find the young man he was

nowhere to be seen. After searching everywhere else the old man of the temple said "Let us go to the colonnade, perhaps we shall find him there." But although their search was unsuccessful, both men noticed that the hair of the young woman in the mural painting was now dressed in the style appropriate to a married woman!

Tales of reincarnation are commonplace and these give ample scope to the illustrator of wondrous tales. Those who were men in a former existence are now depicted as wolves, tigers, crocodiles, birds and even insects, according to the deserts of their actions as men. Fox-stories are numerous; almost every woman of outstanding beauty is alleged to be a vixen masquerading as a siren to lure good men to their doom. As vixen they are compelled to show themselves in their true form at intervals and much ingenuity is displayed in making such appearances at times when no possible victim is at hand to see the truth. Modern commentators (perhaps influenced by popular psychology) see in this the natural desire of women to hide themselves from predatory men.

Wonder-stories often spring from later Taoism, that curious blend of Quietist philosophy, alchemy and magic. Many are the Taoist priests who work their will on stubborn humanity by a combination of what seems like mesmerism and sleight of hand.

A Chinese fruit-seller had a fine load of luscious pears on his barrow as he stood in the market-place crying his wares. A miserable ill-clad Taoist priest was passing, and, being hot and thirsty he asked the man to give him a pear. The fruit-seller was abusive and drove him off; a bystander pitying the poor priest bought a fine pear and gave it to him.

Having eaten the fruit the priest called for water to be brought, scraped a small hole in the ground, put in a seed, filled in the hole and watered the place. In a few moments before the astonished eyes of the crowd, a green shoot pushed its way upward, hardened into a tree-trunk which put out branches as the crowd watched. Then buds appeared on the twigs, these became flowers; a few moments more and the fruit began to show. It grew larger momentarily until it was ripe and the sweet scent of it filled the market-place. Then the priest stepped forward and plucked the fruit, handing a pear to everyone who would accept. When the last pear was gone the priest called for an axe; he then cut down the tree, shouldered it and went on his way. The fruit-seller, watching open-mouthed with all the rest, now turned to resume his trade. Alas! there was no sign of his barrow or of his luscious fruit.

As might be expected of the Chinese, most of the wonder-stories have a moral lesson; even the fox stories show the possessed person anxious to make amends for earlier faults or crimes. One vixen even regained her rebirth among human beings on account of her efforts to make her lover more filial towards his parents and mother-in-law.

Through most of the stories runs, as a thread, the idea that the physical body is, at best, a hindrance. So we read of people who, by developing the spirit, controlling the breath, and directing the bodily secretions so as to preserve them, are able to dispense with a physical form "and roam in the infinite space of nowhere." They leave their earthly bodies anywhere, lying down or propped up in an odd corner, and launch themselves into an illimitable tract unknown to ordinary folk. And wonder-stories are the travellers' tales they bring back with them to the everyday world.

INDONESIA'S LANGUAGE QUESTION—

(Continued from page 22)

The changeover was not always smooth, for those Indonesians holding responsible positions had received a Dutch education, since under Dutch rule, without this, most of the higher posts were closed to Indonesians. Soon Bahasa Indonesia was obligatory in the schools and was used in the press and on the radio as well as for all Government administration.

When Indonesia gained her independence, the national language continued to be used, but there were inevitable difficulties and eventually a congress of philologists was called to discuss the situation. Meeting from October 28 to November 2, 1954, at Medan, the Congress recognised the need for a simple and practical system of spelling and for a complete new vocabulary to include all the new terms needed for all the modern sciences and arts. An official grammar was to be written and established by a committee drawn from the scholars of the community.

The Government faced the problem of adapting the language to the needs of central and local government and of defining the law in the new language. The legal position was further complicated by the fact that customary law continued to run in the Provinces side by side with that administered by the central courts and as the local and regional courts were retained, the whole system had to be unified and administered in the new language. International law, too, required exact translation.

During the important Congress of philologists in 1954 it was decided that an Institute of Languages should be set up which would embrace both Bahasa Indonesia and the regional languages, for most villages still use the latter. No attempt

was made to eradicate these regional languages for the Congress recognised their strength and the rich tradition and heritage of vital literature they possess, which is a source of inspiration to young Indonesian writers and poets. The battle against illiteracy was able to advance along all fronts for both Bahasa Indonesia and the regional languages were employed in the fight. The regional languages will eventually, of course, be replaced by Bahasa Indonesia as new generations grow up, but this will be as a result of a natural linguistic evolution and not of an arbitrary extirpation of the traditional.

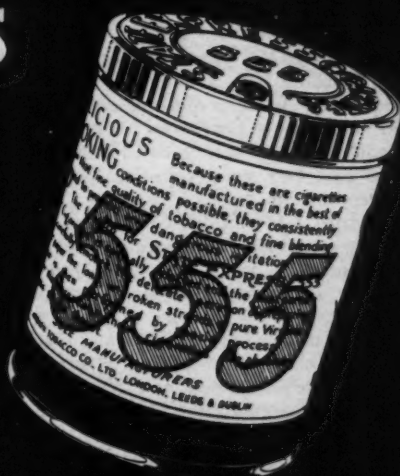
But there have been other problems connected with the new language. There have been fierce arguments over points of style in Bahasa Indonesia and the press has played an important part in these. Journalists refuse to employ the language style of the schoolroom or the Government department, and journalists in Indonesia have added much to the flexibility of the language.

Indonesia has proved that it is possible for a whole country to change its language, and today, Bahasa Indonesia is firmly established as the national tongue. This has proved possible, because Bahasa Indonesia has for long been a national symbol of unity and independence. When independence came, the people were united in their determination to use the national language in every part of the community's life. An administration which for centuries had been carried on in the Dutch language suddenly and successfully changed over to Bahasa Indonesia. The whole of the educational system underwent a similar change, while business and commercial enterprises also adopted the new language. The transition was not always smooth, but the results have been astonishingly successful.

STATE EXPRESS 555

*The Best Cigarettes
in the World*

The House of STATE EXPRESS. 210 PICCADILLY, LONDON, W.1.



ECONOMIC SECTION

CHINA'S FOREIGN TRADE POLICY

By Chen Ming (Vice-Director, Ministry of Foreign Trade, Peking)

In an exclusive interview with H. C. Taussig, Editor of EASTERN WORLD

IT is China's general policy to develop her international trade on the basis of equality and of mutual benefit to both trading partners. We do not practise any discrimination at all, and welcome commercial relations with any country desiring to trade with us. We started to restore business connections with different countries immediately after the foundation of the People's Republic of China. Even before reconstruction work in this country was taken in hand, we speedily resumed business relations with Britain and the US, our traditional trading partners, during 1949 and 1950.

However, in the years after 1950 we were forced to change the direction of our foreign trade owing to international circumstances, as many countries were instituting trade discrimination against China. Since 1951, therefore, our trade with the Soviet Union and the People's Democracies has been on the increase, while trade with other countries has shown a downward tendency. Yet, though the proportion of our trade with the West has been declining, its volume still remains at a certain level. The total volume of China's foreign trade in 1954 was double that of 1950, and the total volume of 1955 registered an increase of 30 percent over that of 1954. Trade with western, Asian and African countries in 1955 showed an increase of about 25 percent over 1954. Again, during the first half of 1956, our trade with capitalist countries grew by over 30 percent in comparison with the same period last year.

This increase is due mainly to bigger imports of capital goods and industrial raw materials as well as of some consumer goods. The character of Chinese imports has undergone a marked change since liberation. In former times consumer goods accounted for 50 percent of China's total imports while during the past two years consumer goods represent only 10-20 percent of the total.

Our imports from the West consist of two categories of commodities: 1, machines, equipment and spare parts and complete plants like power generators. But not all western countries can at the moment supply complete plants, for political reasons. In this category of imports also fall rolled steel, tractors, trucks, roadbuilding machines, weight-lifting equipment, as well as chemicals and pharmaceuticals. 2, raw materials like rubber, cotton and woltops and some fertilisers of which we bought \$20 million worth in Europe. Among the bigger contracts in consumer goods (which form only a small percentage of our trade with the West) I should like to mention our purchase of over one million watches from Switzerland, France and UK.

On the other hand, our exports also increased, not only in our traditional commodities like bristles, tung oil, tea, silk, oils and oilseeds and others, but we also exported new articles to Asia, Africa and the West, particularly bicycles, torches, radios, fountain pens, sewing machines, stationery and beer.

In Burma we also supplied a complete cotton spinning and weaving mill. Further, we exported a large variety of commodities, like knitted cotton goods to northern Europe, resin and canned fruits to Britain and European countries as well as raw materials for pharmaceutical production and straw boards.

Our export policy differs from some other countries insofar as we do not export for the sake of competition. We merely export in order to pay for our imports, and have no intention to dump goods in large quantities to develop or protect our home industry. We produce for home consumption and use any over-production to pay for our imports. Actually, since liberation, the problem of payment for our imports has never presented any difficulty nor will it ever. I remember that, two years ago, when our trade delegation visited Britain, British papers doubted China's ability to pay. Today those very papers put the Sino-British trade potential possibilities at £150 million. In fact, I see no reason why it should not be in the neighbourhood of £80 to £100 million if our mutual trade can be normalised.

Personally, I think there exists a great possibility of expanding China's trade with the western countries. We need a great amount of capital goods produced by the West and constituting its main exports. On the other hand, China has available raw materials, agricultural products and subsidiary products which are needed by the West.

However, owing to the existing trade barrier between China and the West which, according to some western newspapers, is not the wish of some countries but has been imposed upon them, our mutual trading possibilities have not been fully developed. But we, on our side, have done our best to keep trade with the West going and, on the other hand, are receiving the greatest cooperation from many of our western friends. We were thus able not only to prevent a reduction, but actually to achieve an increase of that trade last year, despite the existing barrier. Yet I am far from satisfied with the existing trade between China and the West.

We welcome the decision of the British Government to apply the exception rule in connection with the embargo, and are glad to see that other countries have followed this example. But this is only the first step in the right direction. Our trade cannot be established on such a basis. It would be completely wrong on the part of some circles in the West—and I do not mean industry and trade—to consider the relaxation of the embargo a great concession to China. The development of Chinese industry during the past few years has proved that we are building our country with our own hands, and not on the basis of favours from the outside.

I also hope for an early increase in our trade relations with Japan. Our foreign trade policy towards that country is the same as our general one. But as we had especially long-

established commercial relations with Japan, and as we are geographically so near to each other, the preconditions for the development of trade between the two countries are very favourable. Just like Britain, Japan depends on her foreign trade, and must import raw materials and export industrial products. Some Chinese commodities are a necessity to Japan, while many Japanese products are popular in China. Before the war, in 1936, deliveries to China formed 24.4 percent of Japan's total exports, while imports from China amounted to 14.3 percent of her total imports. In 1955 Japanese trade with China represented only 1.4 percent of her exports and 2.7 percent of her imports.

The main problem is that the Japanese people are not yet independent and sovereign as far as trade is concerned, and still subject to some foreign restrictions. We in China have great sympathy with the Japanese in this present situation, a fact which explains why we adopt towards Japan an attitude differing in many respects from the one we take *vis-a-vis* the West.

Our trade with capitalist countries and with the USSR and the People's Democracies takes various forms. But it is always based on the same principle, namely on balancing imports and exports. In order to develop fully her industrial production, China needs a greater amount of imports than she is covering by her exports at the moment, but this deficit will be repaid in the future. According to our future plans, China's main exports during a certain period will still consist mainly of agricultural products and rural subsidiary produce as well as native produce and handicrafts in addition to minerals. Of course, industrial products will gradually assume a larger proportion in our exports, but as China is rich in natural resources, the home demand of our industry will not affect our exports of raw materials.

Finally I would like to add a few remarks on our trade relations with Hong Kong. During 1949 to 1951, our imports from there were considerable, but have decreased since then owing to the embargo. I think this question has been remarked upon every year in the annual report of the board of directors of the Hong Kong & Shanghai Banking Corporation. I want to make it clear that the drop in our imports from Hong Kong is not due to the fact that we do not want to buy there any more and that we only want to purchase directly from the western countries. Only recently we bought the complete stock of motor cars from a big Hong Kong firm.

As far as trade is concerned, Hong Kong is in a favourable position as it has shipping facilities and connections with the West. It is thus very useful to China's foreign trade, both for exports as well as imports. The only question is what services Hong Kong traders can offer to China. In the past almost all of China's foreign trade was conducted via Hong Kong, which will not happen again. However, if Hong Kong can offer the same conditions and terms the West can offer us, we shall accept this opportunity as it is more convenient for us to trade through there. Of course, it will be necessary for the Hong Kong authorities and businessmen to continue their efforts and try to get all trade restrictions with China lifted. The rest will depend on whether Hong Kong's industrialists and businessmen will be able to offer the same or better terms and conditions as the West as far as price, method of payment and quality specification of commodities are concerned.

CHINA NATIONAL NATIVE PRODUCE EXPORT CORPORATION

— Head Office —

46 Hu Fang Chiao Street, Peking

— Branch Offices —

Shanghai: 16 Changshan Road E.I., Shanghai

Tientsin: 33 Harbin Road, Tientsin

Canton: 282 Ta Teh Road, Canton

Tsingtao: 10 Tientsin Road, Tsingtao



— Principal Exports —

Tobacco and Bast Fibre, Spices, Native Products, Medicines, Wood and Timber, Nuts and subsidiaries.

ARTS & CRAFTS

Porcelain, Earthenware, Lace, Drawn Thread Work Articles, Tuscany Lace, Cloisonne Wares, Carved Lacquer, Ivory Carvings, Palace Lanterns, Straw-braids, Straw Hats, Straw Hand Bags, Straw Slippers, Seagrass and its manufactures, Bamboo Baskets, Bamboo Chopsticks, Camphorwood Chests, Silk and Paper Umbrellas.

CHINA'S TRADE WITH NON-COMMUNIST COUNTRIES

By V. Wolpert

CHINA'S trade with countries, other than the Soviet Union and East Europe, which was at an annual rate of over US \$1,000 million (exports being slightly higher than imports) in 1950 and 1951, dropped as a result of the embargo restrictions by approximately 40 percent to \$593 million (China's exports, \$323 million; and imports, \$270 millions) in 1952 (see *Economic Survey of Asia and the Far East, 1955, ECAFE, 1956*). Since then China's foreign trade with non-Communist countries, mainly China's exports, has been increasing. But the share of this trade still represents less than one-fifth of China's overall foreign trade. This shows a steady increase. The 1954 trade was 4.5 percent higher than that of 1953, and reached the value of 8,487 million Yuan (nearly £1,300 million at the official rate of conversion).

During the first 8 months of 1955 the overall trade was nearly 13 percent higher than that of the corresponding period of 1954. Trade with the Soviet Union and East European countries increased by 10.8 percent, and the trade with other, non-Communist, countries by 22.4 percent. The First Five-Year Plan has set the target for 1957 an increase of the overall trade of 65 percent above the 1952 level.

China's exports to non-Communist countries during the first half of 1955 increased by nearly 40 percent over those of the corresponding period of 1954 (from US \$161.8 million to \$221.2 million), while China's imports from these countries remained practically unchanged (\$135 million and \$137.8 million) which has led to a sharp increase of China's export surplus, namely from \$27 million to \$83 million during the first half of 1954 and 1955 respectively (*World Economic Survey, 1955, UN, Geneva*). The GATT publication *International Trade, 1955*, says that China's "imports have only been able to grow very slowly in view of the restrictions still maintained on exports to mainland China," thus admitting the adverse effect on international trade by the embargo on trade with China.

During the two periods under consideration (the first half of 1954 and 1955) the Soviet Union and countries of East Europe had a deficit in their trade with non-Communist countries. Taking the Soviet Union, and the countries of East Europe and China as an economic region, it becomes evident

that it was China which during the first half of 1954 reduced the total deficit of this region's trade with the rest of the world, and during the first half of 1955 transformed the deficit into a favourable trade balance, as the following table shows:

	1954	1955
	first half of the year	
USSR trade deficit	143.0	4.7
East Europe's trade deficit	15.9	17.1
Total deficit	158.9	21.8
China's favourable trade balance	26.8	83.4
Overall deficit	132.1	—
Overall favourable balance	—	61.6

(all figures in million US \$)

China had also additional sources of earning foreign currency, including the remittances sent by Chinese living abroad. These facts clearly repudiate the assertions sometimes heard in the West that China's inability to pay for higher imports, and not the embargo, hampers the development of trade with China. In fact it appears that the embargo on trade



The 9,235-ton P & O cargo liner "Sunda" passing under the Forth Bridge outward bound from Grangemouth in Scotland for the Far East on a new service

with China leads, at least to some extent, to China's financing East Europe's trade with the rest of the world. The embargo imposed by the West on trade with China compels China to import many capital goods exclusively from the Soviet Union and countries of East Europe. To pay for these imports China has to export her products to these countries. The lifting—and even an easing—of the embargo restrictions would enable China to conclude import and export transactions on the basis of commercial considerations from which international trade would benefit.

There repeatedly were instances in the past when East European countries received commodities from China (in exchange for goods delivered to China) in excess of their internal requirements, and re-sold them to the West sometimes at cheaper prices than those quoted at that time by China. This practice disrupted the international markets and was harmful to China. Lately, as a result of measures taken by China,

To: INDIA, PAKISTAN, CEYLON & BURMA



BY

HANSA LINE

Head Office: Bremen, Germany

Agents in all ports

fewer instances of this anomaly have been heard of. But a complete elimination of this malpractice will only be achieved with the normalisation of China's international trade.

Economic Survey of Asia and the Far East, 1955, contains the following table of China's foreign trade with countries other than USSR and countries of East Europe. The figures have been compiled from returns of China's trading partners and are slightly different from those published in the *UN World Economic Survey, 1955*.

	Exports		Imports	
	1954	1955	1954	1955
	(first six months of the year)			
Asia	105.6	153.6	57.9	55.8
Ceylon	17.6	11.8	17.9	9.6
Hong Kong	53.0	70.9	31.9	21.4
India	0.7	2.5	0.7	5.3
Indonesia	1.7	5.6	0.2	2.1
Japan	17.7	45.1	4.7	14.7
Malaya	14.9	17.7	2.5	2.7
Western Europe	44.8	56.9	36.9	49.9
France	4.4	4.1	5.4	3.3
West Germany	16.0	17.6	8.0	13.6
Italy	0.8	1.7	3.6	—
Netherlands	2.2	3.7	—	1.8
Switzerland	5.5	8.0	10.0	12.0
United Kingdom	10.8	16.1	8.2	11.8
others	5.1	5.7	1.7	7.4
Africa	5.3	14.7	10.3	8.1
Egypt	0.3	0.5	10.3	8.1
others	5.0	14.2	—	—
Others	7.7	5.5	3.7	5.0
Total	163.4	230.7	108.8	118.8

(all figures in million US \$)

The table shows that during the first half of 1955 exports to Asian and Far Eastern countries amounted to nearly two-thirds of China's total exports to non-Communist countries, and since then China's exports to that region have continued to expand. Hong Kong was China's largest market, and the Crown Colony's imports from China reached the value of £56.1 million in 1955, as against £53.6 million and £43.2 million in 1953 and 1954 respectively. During the first 4 months of 1956 a further increase took place, when the imports were valued at £22.1 million, representing an annual rate of £66.3 million. According to the Bank of Japan statistics the value of Japan's imports from China doubled from 14,677 million yen in 1954 to 29,080 million yen in 1955. During the first four months of 1956 the imports were valued at 10,246 million yen. Since 1954 China has begun to export, in addition to her traditional export commodities, products of light industries, such as wire, nails, thermos bottles, fountain pens, knitted goods, cotton yarn and cloth to a total value of approximately £20 million annually—and these exports went mainly to countries of South-East Asia. The increase of exports of these manufactured goods is envisaged by the Five-Year Plan and is of great importance for China's overall foreign trade as the exports of some traditional commodities have not yet reached the pre-war level. It is significant that recently China signed some contracts for delivery of machinery, including textile machinery, to Burma in exchange for rice.

China's imports from Asian countries amounted to nearly 50 percent and those from West European countries to over 40 percent of her total imports from non-Communist countries during the first half of 1955. Since then the imports from

Japan show a further increase. According to the Bank of Japan statistics Japan's exports to China were valued at 6,875 million yen in 1954, 10,277 million yen in 1955, and 4,087 million yen during the first 4 months of 1956 (representing an annual rate of 12,261 million yen). An article in the Peking paper *People's Daily* of August 4 pointed out that the overall trade between Japan and China was 2.3 times as great in 1955 as in 1954, but added that due to the obstruction by outside forces the trade between the two countries "has not yet grown to the extent it should." The article emphasised that while China's exports to Japan had reached approximately 80 percent of the amount provided in the third Sino-Japanese Trade Agreement, Japan's exports to China had only come to approximately 40 percent of that agreement, the primary reason for this lagging behind "the United States restrictions of Sino-Japanese trade by means of embargo." Hong Kong's exports to China decreased from £24.4 million in 1954 to £11.3 million in 1955, and were valued at £2.1 million during the first 4 months of 1956 (*Digest of Colonial Statistics, July-August, 1956, HMSO*).

China's trade with India shows an increase. According to India's statistics imports from China increased from Rs.20.3 million in 1954-55 to Rs.43.8 million worth, and India's to China increased from Rs.29.6 million to Rs.65.4 million during the same period.

China's trade with some west European countries recently had a spectacular increase, e.g. Denmark's imports from China reached the value of DKr.7.5 million, and Denmark's exports to China DKr.4.5 million during the first 5 months of 1956 as against DKr.0.3 million and DKr.0.2 million respectively during the corresponding period of 1955. Austria's

Royal Interocean Lines

(Koninklijke Java-China-Paketaart Lijnen N.V.)



REGULAR PASSENGER AND CARGO SERVICES
CONNECTING

JAPAN - CHINA - HONG KONG

with

SINGAPORE and MALAYA

INDONESIA

SOUTH and EAST AFRICA

SOUTH AMERICA

— Head Offices —

Amsterdam
"Het Scheepvaarthuis"

Hong Kong
188/191 Connaught Road,
West.

exports to China increased from the value of 34.3 million in 1954 to 47.5 million in 1955 and to 75.3 million Austrian schillings during the first quarter of 1956, thus reaching an annual rate of 300 million schillings. In July a group of leading Austrian businessmen visited Peking and according to Peking reports concluded contracts with Chinese import and export corporations to the value of several million pounds sterling, including contracts for the delivery to China of 150,000 tons of nitrogen fertilisers, a trial contract for 100 heavy duty trucks, etc. Dr. Haslinger, vice-chairman of Reichert optical works, Vienna, criticised the embargo as an obstacle to his country's trade and expressed the hope that businessmen of other countries would join in opposing the trade restrictions. China will have its own pavilion at the Vienna Autumn Fair for the first time.

Holland's imports from China increased from the value of Fl.23.6 million in 1954 to Fl.30.8 million in 1955, and Holland's exports to China from Fl.3.8 million in 1954 to Fl.11.1 million in 1955. Recently a Chinese trade delegation visited Holland, which it is hoped will lead to an increased trade between the two countries. Sweden's imports from China valued at Kr.12.1 million in 1955 amounted to Kr.3.8 million during the first 4 months of 1956, and the corresponding figures for Sweden's exports to China were Kr.9.1 million and Kr.2.1 million respectively. Italy's imports from China during the first 2 months of 1956 reached the value of Lire 709 million (more than the double value of the corresponding period of 1955), and Italy's exports to China Lire 954 million

(more than four times the value for the corresponding period of 1955).

The value of West Germany's imports from China increased from DM151.5 million in 1954 to DM192.7 million (nearly £16.5 million) in 1955. During the first quarter of 1956 the imports increased slightly to DM47.6 million as against DM46.9 million during the corresponding period of 1955. Main items of imports were edible oils, eggs, feathers, intestines and raw wool. The value of West Germany's exports to China increased from DM90.2 million in 1954 to DM109.9 million (over £9 million) in 1955. Main export goods were chemical fertilisers, dyestuffs, chemical semi-manufactured products, pharmaceuticals, precision instruments and machinery. During the first quarter of 1956 the exports decreased to the value of DM25.2 million as against DM31.7 million during the corresponding period of 1955.

UK exports to China continued to increase and their value rose from £6.8 million in 1954 to £7.9 million in 1956. The exports during the first half of 1956 reached the value of £4.7 million as against 2.9 million and £4.2 million during the corresponding periods of 1954 and 1955 respectively. Throughout this period China had a favourable trade balance and the UK imports from China were valued at £9 million in 1954 and £12.4 million in 1955. During the first half of 1956 the imports were valued at 5.1 million showing a decrease against the imports during the corresponding period of 1955 valued at £5.8 million (during the corresponding period of 1954 they were valued at £3.9 million).

LONDON EXPORT CORPORATION LIMITED
5 CHANDOS STREET LONDON W1 · LANGHAM 9071

Correspondents in the United Kingdom for

CHINA
NATIONAL IMPORT-EXPORT
CORPORATION

13 TUNG CHIAO MIN HSIANG PEKING - 112 LEIPZIGERSTRASSE BERLIN W 8

MARTIN STÜRCKEN & CO. GMBH - BREMEN

Telegr.-Adr.: Stuerex

EXPORTERS and DISTRIBUTORS

specializing in
AUTOSPARES and ACCESSORIES
AUTO-TOOLS
DIESEL GENERATING SETS
RADIO-PARTS and other
ELECTRICAL ACCESSORIES
TEXTILES

IMPORTERS

of
PRODUCE
AGENTS
of

STATE AGRICULTURAL MARKETING BOARD
RANGOON

PREMIER ACETYLENE LAMPS

A few of our types
for Mining
Purposes



The Premier Lamp &
Engineering Co. Ltd.

MOORFIELD WORKS
ARMLEY · LEEDS 12
ENGLAND

EMPLOYERS

In all Overseas Countries

ATTENTION!

For recruitment of trained and most efficient supervisory
staff from India

— Please contact by air mail —

GLOBE SERVICES,

P.N. BANK BUILDING
Muzaffarnagar City (U.P.), India

IMPORTANT Source of Information for Businessmen

"EAST-WEST COMMERCE"

A monthly newsletter providing factual information on the
actual trade as well as on the trading possibilities between
countries of Eastern Europe with countries of the West.

Yearly Subscription: £5 5s. 0d.

Trial Period of 6 months: £2 12s. 6d.

Published by
FOREIGN CORRESPONDENTS LTD.
58 Paddington Street, London, W 1

THE ORIENTAL ECONOMIST

Founded 1934

The Oldest Economic Monthly in Japan

Keep yourself closely posted up in the latest
economic, financial, political and social developments
in Japan by regularly subscribing to THE
ORIENTAL ECONOMIST.

No other Japanese economic journal has been
so frequently quoted in leading foreign periodicals.

Annual Subscription:

\$ 6.70 by seamount to any part of the world.

\$10.80 to North America and

\$15.48 to Europe by airmail.

THE ORIENTAL ECONOMIST

NIHONBASHI, TOKYO, JAPAN

CHINA'S TRADE WITH COMMUNIST COUNTRIES

By A. James

IT is estimated that eighty percent of China's total foreign trade is conducted with the Soviet Union and countries of East Europe, and that by 1955 this trade reached an annual value of £1,260 million. China's trade with the Soviet Union and countries of East Europe is conducted mainly on the basis of long-term agreements, and China imports from these countries capital goods and raw materials which are of vital importance for her economic development. Taking into consideration that before the War China's trade with these countries was insignificant, the present high level shows clearly the reorientation of international trade in that region. This is due to political factors, namely cooperation between the Soviet Union, countries of East Europe and China, and to the western embargo on trade with China, as well as to economic factors such as the industrialisation of the Soviet Union and countries of East Europe which enables these countries to export capital goods which they did not produce in the past.

According to *World Economic Survey, 1955* (United Nations, April, 1956) China's trade with the Soviet Union and countries of East Europe expanded rapidly after 1950, and by 1953 amounted to three-quarters of China's total foreign trade, the Soviet Union accounting for 56 percent (i.e. 42 percent of China's overall trade). China's share in the total trade of the Soviet Union rose to 18 percent. By 1954 Sino-Soviet trade showed a fivefold increase over the 1950 trade, which is especially significant because it has made mainland China the largest single trading partner of the Soviet Union. Long term credits granted by the Soviet Union have played an important part in the development of trade with those countries with a centrally planned economy. China obtained from the USSR a low-interest long-term loan to the value of US\$300 million (at the present exchange rate equivalent to 1,200 million rubles) in 1950, and another loan to the value of 520 million rubles in 1954. The Sino-Soviet Communiqué issued in April, 1956, during Mikoyan's visit to Peking, announced an agreement providing for Soviet assistance in the construction of 55 industrial enterprises, in addition to 156 items under construction in accordance with a previous agreement, and stated that the total value of the equipment and other kinds of assistance provided by the Soviet side in connection with these 55 enterprises was valued at 2,500 million rubles, which represents probably another long-term loan. In fact, according to a statement, published in *Pravda* of February 15, 1956, long-term credits made by the Soviet Union to other countries of the group now total 21,000 million rubles, which presumably includes the sum allocated to China during its current five-year plan, 5,600 million rubles (equivalent to US\$1,400 million).

But China was not only a recipient of long-term credits, but has herself extended economic assistance to North Korea and the Democratic Republic of Vietnam, by granting to each

of these two countries loans of 800 million yuan (the total value of which at the official rate of exchange represents a sum of US\$700 million).

The increase of China's trade with countries of East Europe can be seen from the following figures: In 1954 China's trade with Bulgaria doubled compared with that of 1952, with Rumania it was 5.7 times higher than in 1952. In 1954 trade with Poland was 40 percent higher than in 1951, and trade with Hungary 20 percent higher than in 1950, while the trade with Czechoslovakia was 4.5 times greater than that of 1950. During the first 8 months of 1955 China's trade with the Soviet Union and countries of East Europe increased by 10.8 percent over the trade during the corresponding period of 1954. The new trade agreements and protocols signed by China with countries of East Europe provided for a further increase of trade during 1956.

In spring, 1956, a Chinese delegation, headed by Nan Han-chen, Chairman of the Chinese Committee for the Promotion of International Trade, visited countries of East Europe and discussed the strengthening of economic co-operation. In the past Poland has given assistance to China by deliveries of machinery and construction of complete factories, and Nan Han-chen mentioned especially Poland's help in the development of Chinese sea transport. The Chinese delegation was convinced that in future Poland could help even more through the exchange of commodities and goods. As a result of the delegation's visit a considerable number of complete industrial installations will be delivered by Poland in exchange for goods from China. Poland is at present building equipment for two large coal sorting and enriching plants for China. The equipment will include a railway depot for receiving coal, as well as crushing, cleaning and enriching installations. Deliveries of installations are to begin in 1957, and the construction work is to be completed in 1959. Arrangements for the delivery of other complete industrial installations, agricultural machinery, and transport equipment have been made by China with other East European countries.

China's trade with East Germany, which was at a very low level in 1950, increased 30 fold by 1954, and since then has continued to expand. The trade agreement concluded last November between the two countries provided for a further increase of trade in 1956, whereby China will export tungsten ores, tin, antimony, mercury, oil seeds, meat, fruit, silk, wool, and other produce in exchange for East German deliveries of complete plants, machine tools, transport equipment, products of engineering industry, chemicals and fertilisers. Werner Tuerpe, Trade Counsellor of the German Democratic Republic to Peking, writing in a recent issue of *German Export*, described the perspectives of trade between the two countries as "unlimited." He pointed out that before 1953

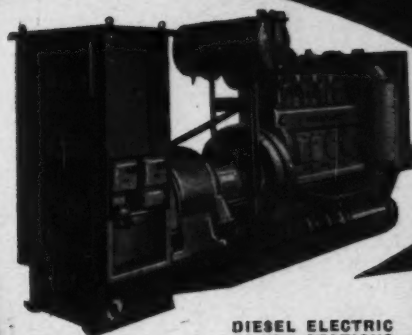
German exports comprised mainly precision instruments, fine mechanical and optical instruments, machinery, electrical equipment, chemicals and fertilisers. With the beginning of China's first Five-Year Plan in 1953 the pattern of exports changed, and East Germany started to supply China with complete industrial plants, large quantities of rolling stock, road vehicles and tractors. In 1955, the first plants delivered by East Germany went into operation. They included a cotton spinning mill in Peking and another in the district of Singkiang. German engineers set up a fully automatic sugar plant in Inner Mongolia which started with production last October. Two large cement plants have been set up in Tatung and Lanchou, while a third plant is being built in Kinming. In 1956 a steel-rolling mill will be delivered by East Germany to China, and equipment for 16 power stations are on contract with East German factories. The equipment for two glass factories and an abrasive wheel factory are to be supplied by East Germany. East Germany's textile machinery industry finds an important outlet for its products in China and recently a contract was signed with Spinn-und Zwirnereimaschinenbau, Karl Marx Stadt (formerly Chemnitz), to supply plant and installations for an artificial silk factory to be built near Peking. It is claimed that it will be the world's largest rayon factory, and the East German factory will supply several hundreds of centrifugal spinning machines, each weighing 15 tons and measuring 48 feet in length. Among other recent large deliveries to China made by East German factories were pipes for a thermal power station, while an ash removal plant for the power station is under construction. On the other hand, it is expected that China's exports of ores and metals, technical fibres, tobacco, silk and cotton, feathers, bristles and undressed pelts will continue to expand.

China has embarked on a tremendous economic development programme for the execution of which the requirements of capital goods will be rising steadily, and in future China intends to import nearly exclusively goods needed for the implementation of the development plans in industry, mining, agriculture, transport and other fields.

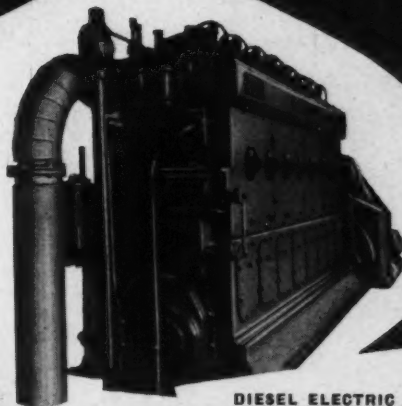
The industrialisation of East European countries has led to increased production and export capacity of the old established industries of these countries. In addition, new industries have been developed, and goods which were imported by these countries in the past are now being exported by them. This economic development enables East European countries to offer to China goods required by the latter. The economic cooperation between East European countries found its expression in the formation of the Council of Mutual Economic Assistance. As China has been importing in certain cases the same products from various East European countries, the introduction of standard specifications for these products was a great advantage for all partners concerned. During the last two to three years the tendency towards specialisation in industrial production has become apparent within the group of East European countries. It is stressed that each country should concentrate upon the expansion of those sectors of the economy for which it is best suited. This process should lead to a certain reorientation of East European exports (within the group of these countries) to China, but should provide great advantages for the exporting countries as well as for China and add to the extension of trade between China and countries of East Europe.



DIESEL ELECTRIC POWER STATIONS



DIESEL ELECTRIC
POWER STATIONS
80 kVA



DIESEL ELECTRIC
POWER STATIONS
340 kVA

Installations which have proved to be of the highest reliability for light and power current output in agriculture, forestry, on building sites and in workshops as well as for emergency units.

Please write for catalogue DE 2002

VEB SCHWERMASCHINENBAU KARL LIEBKNECHT

(vorm. Buckau-Wolf)

MAGDEBURG

German Democratic Republic

THE EMBARGO AND CHINA TRADE

By Tsao Chung-shu (Acting Manager, China National Import and Export Corporation, Peking)

In an interview with H. C. Taussig, Editor of EASTERN WORLD, now touring China

CHINA'S trade with the West has undergone a number of changes during the past few years. In 1952, when we earnestly advocated the development of East-West trade, many big firms and manufacturers in the UK did not like to make contact with us. However, after the Moscow Economic Conference, following endeavours made by our side, western industrialists also wanted East-West trade developed, and in 1953 the first British trade delegation, with some large firms taking part in it, came to Peking. Yet there were still many firms with a long trading tradition with China which were not willing to join. At the Geneva 1954 Conference, extensive talks took place between some British trade circles and some of our leaders who had come to the conference, and the possibilities of UK-China trade were again considered. This marked a turning point in the trade between the two countries, and as a result of it a Chinese trade delegation was sent to Britain. From then onwards up to last year a new situation arose in our trade relations which are still developing. I should like to mention, though, that this trade is still conducted under abnormal conditions, that developments are still far from satisfactory, and that there is a wide gap between trade possibilities and the actual business conducted. But it is true that the situation is quite different from the years of 1953, 1951 or 1950, and during the two years of 1954 and 1955 alone, four delegations from the UK visited China.

Although there has been no trade delegation from Britain to Peking this year, there were many individual visits by businessmen and a new pattern of contacts has evolved.

During the first half of this year, Sino-British trade increased by 11 percent compared with the corresponding period of 1955, and this figure does not include any results from the adoption of the so called "exceptional procedure" which was then only beginning.

I can foresee a further development in this direction. China is taking part in the International Handicrafts Exhibition in London during this month and October, and it is possible that we may participate even more extensively in another trade exhibition in the UK next year. Representatives of our National Native Produce Export Corporation also paid some visits to Britain this year. This all shows that contacts are widening and we think this will be a helpful link to increase mutual understanding among the peoples and improve trade relations at the same time. We consider all this the result of our mutual endeavours, and this also includes the efforts made by EASTERN WORLD.

The Embargo has still not been removed, and although the adoption of the exceptional procedure reveals some progress in the right direction, it is still true to say that East-West trade cannot develop as it should. The Embargo really started in 1948/9 and, if I remember correctly even as far back as 1947, with restrictive measures against the Soviet Union and the People's Democracies. COCOM was set up in November 1949, but the Chinese People's Republic was founded one month after this, in October 1949. This explains clearly what the embargo aimed at. There was no war in the world at that time. After the Korean war broke out in 1951, the so-called United Nations Embargo was adopted under pressure from the United States. In 1953 there was the cease-fire in Korea, and in 1954 in the Indo-China war. But now we are already in 1956 and the Embargo still remains. There were many times in the past when our friends in the business world in western countries had told us to be patient: that the embargo would be lifted after the Korean war, after the war in Viet Nam, after the Four Power Conference in 1955, that concrete steps might be taken after the Foreign Ministers' Conference. But cease-fire agreements and truces were made, conferences came and went, and the Embargo still remains. This year too, our western business friends entertained high hopes concerning the Embargo from the Eden-Eisenhower talks in Washington. But no concrete results whatsoever emerged from that conference.

Of course, we have now the exceptional procedure, which we consider as a concession by the UK Government to lessen the pressure exerted on them by business circles, as they, in fact, constitute nothing new but existed all the time. The latest hopes are now based on the outcome of the US elections. We have to wait and see, and only facts can tell. Even after the US presidential elections we have little hope of seeing the Embargo lifted, because we can find the true reasons for its existence in its history. It is not based on economic considerations, but only on the cold war and on

Hong Kong

Centre of the World's
Largest potential Market

For details of Hong Kong's commerce and industry (which ranges from ship-building to textiles of all kinds) see The

COMMERCE INDUSTRY AND FINANCE DIRECTORY

obtainable from

Hong Kong Government Office

Grand Buildings, Trafalgar
Square, London, W.C.2

or

Department of Commerce & Industry
Fire Brigade Building, Hong Kong

(Continued on page 53)

OF DIRECT INTEREST TO ALL
EXPORTERS — IMPORTERS — MERCHANTS
SHIPPING & FORWARDING AGENTS

P&O
EXPAND
FAR EAST FREIGHT SERVICES

- * Augmented Fleet * Three sailings monthly from London
- * Direct service from Scotland
- * Faster Voyages

This is shipping news of first importance to all who have dealings with the Far East. Expanded P & O services were inaugurated in June offering increased frequency of sailings from United Kingdom and North European ports, shorter transit times to and from Malaya, Japan and China. This will mean greatly increased capacity for

cargo outwards and homewards.

Twelve fast ships will be used on the services, giving three sailings monthly from London, and including for the first time in the history of the P & O Company a direct service from the Scottish port of Grangemouth on the Firth of Forth. One of the new services will terminate in China.

THESE ARE THE ROUTES:—

s.s. 'CORFU,' s.s. 'CARTHAGE,'

s.s. 'CANTON,' s.s. 'CHUSAN'

Outwards:—London, Southampton, Bombay, Colombo, Penang, Singapore, Hong Kong.

Homewards:—Return as above (except Southampton).

s.s. 'CHUSAN' extends to Japan twice yearly.

s.s. 'SURAT,' s.s. 'SHILLONG,'

s.s. 'SINGAPORE,' s.s. 'SUNDA'

Outwards:—Hamburg, Rotterdam, Antwerp, Grangemouth, London, Southampton—Penang, Port Swettenham, Singapore, Hong Kong, Japan, Shanghai.

Homewards:—Japan, Shanghai, Hong Kong, Singapore, Port Swettenham—Havre, London, Hamburg, Rotterdam, Antwerp.

m.v. 'SOMALI,' m.v. 'SOUDAN,'
m.v. 'BALSETTE,' m.v. 'SALMARAH'

Outwards:—Hamburg, Antwerp, London, Rotterdam, Genoa—Port Swettenham, Singapore, Manila, Hong Kong, Tongku, Tsingtao. m.v. 'SOUDAN' extends to Japan each voyage.

Homewards:—Tongku, Tsingtao, Singapore, Port Swettenham, Penang—Genoa, Marseilles ('SOMALI' to Havre), London, Hamburg, Rotterdam, Antwerp. m.v. 'SOUDAN' omits Genoa and Marseilles homewards.

Full details of Sailings, Schedules, etc., will be forwarded to those interested from:—

P & O 122 LEADENHALL STREET, LONDON, E.C.3. AVENUE 8000 14/16 COCKSPUR STREET, S.W.1. WHITEHALL 4444

ESCOMBE, McGRATH & COMPANY LTD., 4 LLOYD'S AVENUE, LONDON, E.C.3. ROYAL 9181

UK Wool Industry and Australasia

By A Special Correspondent

THE importance of the Far East in the market for wool is greater today than it has ever been before and it finds its reflection in the development of the wool industry and increased imports of raw wool and tops from Australia and New Zealand as well as of imports of wool products from the United Kingdom.

Australia, which is the world's biggest single producer of apparel wool, is in a very powerful position in the Far East. Indeed, it would be no exaggeration to say that certain Far Eastern nations look to Australia's high-grade wool to increase not only the quality of their textile products, but, more important, to raise their living standards and enhance their status in the highly-competitive international markets. Apart from Australia's favourable geographical position *vis a vis* the Far East, she possesses an unsurpassed reputation for quality wool. This wool, and the skill of British textile operatives, has done much to earn Britain an equally high reputation for quality wool products. In many respects it is the achievements of the British industry, past and present, that inspires Far Eastern nations to attempt to improve their own industries and in this way to achieve increased prosperity. In short, their aim is to compete with British products and possibly to gain from Britain some of her traditional markets. Although this is possible on a price basis, it is not an easy target due to highly developed techniques and the skilled labour force of Britain's wool industry.

Japan is one of the nations that seeks to improve quality by importing wool for her textiles. It is significant that in 1955 Japan imported 158 million lb. of wool from Australia as against 99 million lb. in 1954. Japan's wool imports from New Zealand increased during the same period from 2.3 million lb. to 5.1 million lb., while imports from the Argentine decreased from 26.7 million to 14.7 million lb. and from other countries from 28.2 million to 27.3 million lb.

China imported from Australia approximately 600,000 lb. during the second half of 1955, which represented an increase of 100,000 lb. as against the preceding period. Hong Kong purchased 680,000 lb. in tops, which was double the amount of imports during the first half of 1955. South Korea which seeks to reestablish her wool industry purchased her entire raw wool requirements from Australia in 1955. These imports were valued at US\$2 million. India imported 3.5

million lb. raw wool from Australia and New Zealand in 1955-56.

During the first 6 months of 1956 UK total imports of raw wool and tops amounted to the value of £100 million (the value of these imports during the whole of 1955 was £192.3 million), and UK reexports of these goods were valued at £7.7 million, mainly to various countries of West and East Europe. In 1956 60 percent of UK wool imports came from Australia (£36.4 million) and New Zealand (£25.6 million). India, Pakistan and China were among Asian countries from which the UK imported raw wool. The imports from India were valued at £2.6 million during the first half of 1956 as against £2.2 million during the corresponding period of 1955, while those from Pakistan decreased from £1.1 million during the first half of 1955 to £0.9 million during the corresponding period of 1956. Imports from these two Asian countries were nearly exclusively raw sheep's wool (India 11.1 million lb., and Pakistan 4.3 million lb. during the first half of 1956). On the other hand imports from China show a great variety of imported types. The total value of imports from China during the first half of 1956 amounted to £1,013,814, compared with £1,362,488 during the corresponding period of 1955, and included 396,000 lb. of raw sheep's wool valued at £82,310, while the remaining imports to the value of £931,504 consisted of camel hair, cashmere, angora, goat hair, etc. At the same time Asian countries represent important markets for Britain's wool industry. During the first 4 months of 1956 over 40 percent of UK wool tops exports went to Asian countries, China being the biggest market. The following table shows the development of these exports:

	1955 first 6 months of the year £	1956 first 6 months of the year £
UK total exports of wool tops	17,484,221	19,159,251
incl. to China	2,519,972	3,568,773
India	2,285,831	2,666,110
Japan	406,822	996,432
Pakistan	316,154	406,973
Hong Kong	446,483	402,566
Formosa	78,427	320,473

In addition UK exports of wool waste to Japan increased to the value of £0.9 million during the first half of 1956 as against £0.1 million during the corresponding period of 1955. UK exports of woollen and worsted yarns and woven fabrics developed as follows:

	1955 first 6 months of the year £	1956 first 6 months of the year £
UK total exports	41,183,413	43,748,448
incl. to Australia	900,386	710,381
New Zealand	2,539,590	1,734,100
Singapore	109,257	122,215
Hong Kong	1,029,223	1,259,645
India	258,218	130,052
Pakistan	115,711	83,270
Japan	926,393	1,256,509
Burma	53,810	43,869
Indonesia	51,290	73,183

TECHNICAL INSTITUTES

Teachers in Jewellery & Engineering Schools :

We have been supplying your technical requirements for over 100 years. Write for our catalogue.

E. GRAY & SON, Ltd.

12 & 14, Clerkenwell Road, London, E.C.1.

Telegraphic Address : "Materials, Smith, London"

GERARDSON LIMITED

are reliable top-makers, specialising in qualities 58's — 70's, both Schlumberger Drycombed and Noble Oilcombed.

CUMBERLAND WORKS,
CEMETERY ROAD, BRADFORD 8.

TELEGRAMS: GERTOPS BRADFORD.

TELEPHONE: BRADFORD 46371-2-3.

TELEX: BRADFORD 51233.

THOMAS BURNLEY & SONS Ltd.

GOMERSAL, nr. LEEDS, England

Established 1752

WOOLCOMBERS

AND

TOPMAKERS

French and Noblecombed

WORSTED SPINNERS

White and Coloured

English and Continental Systems

DYERS

EXPORTERS TO ALL MARKETS

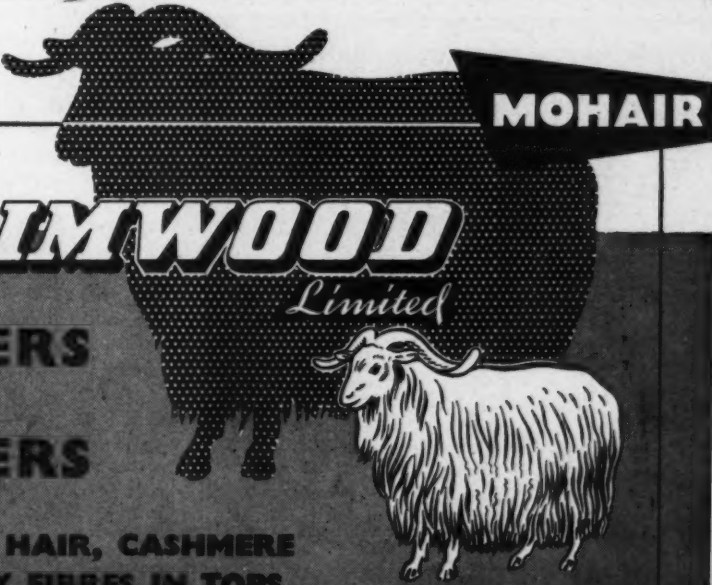
JOHN RHODES SONS & CO (BFD) LTD

22/26 ST. JOHN'S STREET

BRADFORD

EXPORTERS
OF
TOPS
TO ALL
OVERSEAS
MARKETS

BUYING
AND
SHIPPING
BROKERS
AUSTRALIA AND
NEW ZEALAND



MOHAIR

S.A. GRIMWOOD

Limited

**IMPORTERS
and
EXPORTERS
of**

**ALPACA, CAMEL HAIR, CASHMERE
& ALL SPECIALITY FIBRES IN TOPS,
NOILS, MATCHINGS AND WASTES.**

8 DUKE STREET • BRADFORD.

Grams: Grimwood, Bradford - Tel: Bradford 21937 & 31864 - Telex 51-323

JAPAN'S ECONOMIC RESURGENCE

By A Special Correspondent in Osaka

WITH the signing of the Reparations Agreement with the Philippines on May 9, 1956, Japan took an important step forward on her road to rehabilitation in Asia. After five years of frustrating negotiations, often jeopardised by journalistic indiscretions, an understanding has been reached by which Japan will pay to the Philippines an amount of \$550 million in outright reparations and \$250 million in the form of loans over a period of twenty years. In order to assess the importance of this Agreement it has to be viewed against current economic developments in the Far East and in South-East Asia.

Within the ten years since the end of World War II, Japan has succeeded in rehabilitating her economy to such a degree that she could conclude the year 1955 with a positive balance of \$500 million. This was achieved against considerable odds. The traditional trade patterns of Japan had to be changed as a result of her loss of Formosa, Sakhalin, Korea and other colonial territories. Pre-war contacts with overseas territories were severed by the war and the Allied Occupation. Inflationary trends were strong in Japan as a result of increased demands for supplies required to repair war damages. Consequently, little effort was made to promote exports. American aid made up for the lack of foreign exchange which otherwise would have spelled disaster. The

post-war development of those Asian countries which, for geographical reasons, ought to represent Japan's most important markets, was slow and did not show a marked increase in their import capacities. The following table shows the changes Japan's trade with Asian countries and other parts of the world underwent:

	1934-36		1954	
	Imports	Exports	Imports	Exports
Asia	64	53	49	31
U.S.A.	17	25	21	46
others	19	22	30	23
Total:—	100	100	100	100

With the gradual return of normality in world trade, increasing competition and relaxation of commercial barriers, the conversion of sellers' markets into buyers' markets and the loosening of strictly bilateral ties, Japan is concentrating her attention again to those territories to which her access is most natural—South-East Asia.

When the war was over and South-East Asia saw the generosity with which the United States helped in the economic rehabilitation of Japan, it was feared that Japan might try to attempt by trade and other economic measures what her militarists could not achieve by force—the domination of South-East Asia. Japan's reluctance to enter into reparation commitments with the countries of the region increased such suspicions. It might well be that Japan played for time in delaying these agreements hoping that time would mitigate the demands of those countries which suffered from the ravages of wartime Japan. This expectation did not materialise. On the contrary, Japan's delaying tactics increased the bitterness and the reluctance of her former victims to normalise relations. As soon as Japan realised this deterioration of her prospects to settle the reparations issue at more convenient conditions, she resolutely came to terms first with Burma in November 1954, with Thailand in July 1955 and now with the Philippines. Indications are that Indonesia will follow suit once that young republic has realised that in bargaining with Japan on reparations there is no room for astronomical and unrealistic amounts, out of any proportion to Japan's ability to supply and Indonesia's capacity to digest.

However, suspicions and apprehensions are not the only obstacles to Japan's efforts to rehabilitate herself with the nations of Asia. The Communist countries have recently made remarkable inroads into the markets of Asia. Not only in the Middle East has Communist economic penetration been successful, but in India, Burma and Indonesia. The Soviet Union, China, Poland, Hungary and Czechoslovakia have concluded trade agreements with India, Burma and Indonesia, for the exchange of industrial productions against the staples of those countries. The effect of such trade has not always been favourable to those countries which, as independent units, are new in the field of international trade and lack the experience of old established trading nations. The recent glut of cement in Rangoon and the fact that Burma rice is re-exported by Communist countries to western countries at prices more favourable than those quoted directly by Burma, are but two out-

FOREIGN EXCHANGE BANK



* OVERSEAS OFFICES *

New York, Rio de Janeiro, London,
Hamburg, Alexandria, Calcutta,
Bombay, Karachi, Hong Kong.

* DOMESTIC OFFICES *

Tokyo, Yokohama, Nagoya, Osaka, Kobe
and other Main Cities in Japan

THE BANK OF TOKYO, LTD.

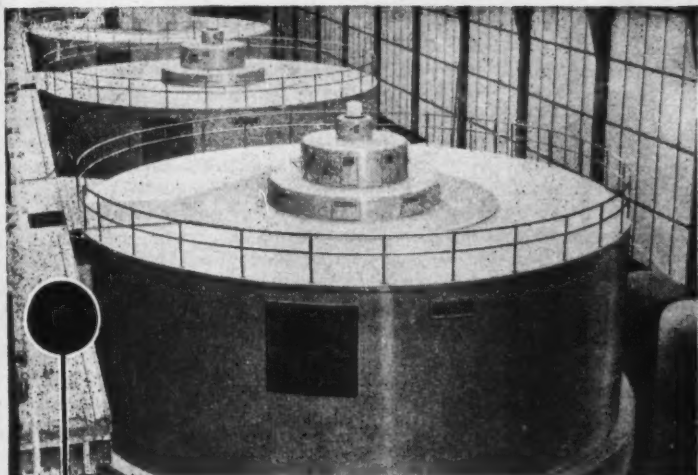
HEAD OFFICE: NIHOMBASHI, TOKYO, JAPAN

* Affiliate *

THE BANK OF TOKYO OF CALIFORNIA
San Francisco, Los Angeles, Gardena

* Subsidiary *

THE BANK OF TOKYO TRUST CO.
New York



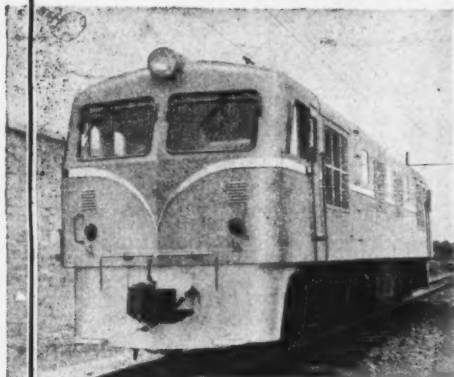
ALTERNATOR



HITACHI

Leads The Field

Throughout the years, Hitachi Ltd. has led the field of Japanese heavy industries in production, industrial technique and reputation. Today as in the past, Hitachi is continuing its contribution toward rehabilitation and development of Asia.



ROLLING STOCK

Main Products

Complete Series of Generators, Turbines Transformers and Other Equipment for Power Plant and Substation.

Locomotives and Other Rolling Stock.

Machinery for Transporting and Conveying, Construction, Mining Iron and Steel Refining, Chemical Manufacturing, Refrigeration, and Textile Industries.

Household Electrical Appliances.

Telephones and Switchboards and Other Communications Apparatus. Electron Tubes for Radio and Television; Fluorescent and Incandescent Lamps.

Electron Microscopes and Other Precision Scientific Instruments and Electric Measuring Instruments.

Printing Presses; Machine Tools.

Wires and Cables and Insulating Materials.

Steel and Malleable Cast Iron Products.



CONVERTIBLE SHOVEL

Hitachi, Ltd.

Tokyo Japan

Cable Address: "HITACHY" TOKYO

standing examples of these developments. China, too, is making efforts at entering the export markets of Asia. Her goods arrive mainly at Hong Kong and at Singapore. Sewing machines, bicycles, cement and newsprint are the most conspicuous items on China's export list. Her prices are reported by Japanese sources to be 20-30 percent below their Japanese competitors. As a result, the Japanese Ministry of Foreign Affairs has ordered its diplomatic representatives to report in greater detail on the export drive of the Communist countries in Asia. Meanwhile, the statistics of Japan's export trade to Asian countries over the last few years show a steady increase.

	Exports (million Stg.)					Imports *				
	1951	1952	1953	1954	1955	1951	1952	1953	1954	1955
Korea	5	18	38	25	14	3	7	3	3	3
Taiwan	18	22	22	24	23	19	23	23	21	29
China	2	—	2	7	10	8	5	11	15	29
Hong Kong	22	29	22	29	32	2	2	3	1	2
Burma	7	8	12	16	14	11	11	18	23	16
Malaya and Singapore	25	23	14	17	26	23	22	23	23	39
Indonesia	46	22	38	43	23	20	10	18	23	29
India	19	13	10	16	31	19	26	27	19	28
Pakistan	42	42	6	20	16	37	30	39	13	17
Philippines	14	7	10	11	19	18	18	23	24	32
Thailand	16	13	19	23	23	18	22	30	25	23
Other Asian countries	36	40	43	56	73	36	50	70	78	77
TOTAL	252	236	236	287	303	213	228	288	265	325

* Source: The Bank of Japan.

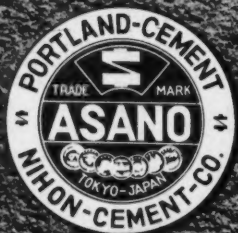
The supply of goods under the various reparations agreements will doubtless make the receiving countries more

familiar with Japanese products. Economic advancement and a rising national income, likewise resulting from reparations, will create additional demands for both consumer and capital goods. It is particularly important to note that Japan has not only taken the initiative in signing and implementing reparations agreements, but that she has also become an active and contributing member to the two foremost economic organizations in the region, ECAFE (United Nations Economic Commission for Asia and the Far East) and the Colombo Plan.

Recently, various plans have been promoted with a view to having Japan, Asia's chief industrial power, to take a still more active part in the development of South-East Asia. Among these projects two deserve special mentioning. The funds accumulating in Japan from the sale of United States agricultural surplus products to Japan against payment in Japanese currency are to be used to supply goods, know-how and personnel to countries in South-East Asia for their development programmes. This would practically amount to an American financing, in Japanese currency, of development projects. It would not, however, provide foreign currency for Japan with which to acquire the raw materials, for the manufacture of those capital goods which she supposed to supply to the "developing" countries. Moreover, South-East Asian food producing countries which have a decisive interest in the Japanese market would resent this interference with their legitimate trade. This interference would be likely to nullify any amount of assistance Japan and the United States would be able to render.

Another programme was suggested by Mr. Eric Johnston during his visit to Japan (March, 1956). He advocated the

ASANO



CEMENT

NIHON CEMENT CO., LTD.

9, 2 - CHOME, OHTEMACHI, CHIYODA KU, TOKYO.

CABLE ADDRESS : "ASANOCEMEN"

establishment of a multi-billion dollar "quasi-public" corporation, "international in scope and stature in which all free and friendly nations may participate as an instrumentality through which economic development programmes can be supported and in which private as well as public investments could be channelled." This plan provides for low interest bearing loans of 20-50 years' duration, and Japan is to be invited to take a "leadership role in the economic development programmes of the emerging nations of Asia at their request and with the cooperation of other developed nations of the free world." Since Mr. Johnston is Chairman of the United States International Development Advisory Board, his suggestion met with the keen interest of the Japanese government and the business world. Admittedly, the plan is still in the "desk stage" but was undoubtedly promoted to combat the increasing economic offensive of the Communist countries. Cautious observers on Japan have called Mr. Johnston's project a trial balloon and recommended to the jubilant manufacturers and exporters in Tokyo and in Osaka to wait until a solid and detailed plan emerges from Mr. Johnston's idea which is then to be materialised step by step.

Japan has realised that the crux of Asian development is the lack of sufficient capital. It is a lack that is difficult to overcome in economic ventures except for the favoured few. Therefore, Japan recommends that Asian countries, in addition to seeking foreign assistance for ambitious development programmes, should make a concentrated effort to step up national savings to add to their meagre beginnings of capital accumulations. Recent discussions on the subject by ECAFE have been, therefore, particularly significant.

In order to consolidate her recent advances in foreign markets Japan decided to take an additional step: Capital investment abroad. It has been estimated that investment agreements in 1956 between Japanese and foreign firms may reach an amount of \$20 million—more than double the amount invested abroad before. Up to April last 37 capital tie-ups and 59 technical assistance agreements had already been concluded. The main targets are Brazil and Argentine. Burma, India, Malaya and Indonesia follow suit. Recently, Kuwait is reported to have suggested technical cooperation with Japan.

The reason for this increased investment abroad which includes a wide and varied range of plants and other undertakings is clear: certain Japanese export markets have reached their saturation point and will, at least for the time being, be unable to expand their trade with Japan any further. If an exporter or a manufacturer cannot profit any more from exports to a country, an alternative is to profit in that country; provided that there is a reasonable possibility of converting profits accrued locally into hard currency. Japan has selected for her foreign investments countries with undeveloped sources of raw materials so that profit resulting from local operations can be taken out in the form of raw material supplies which, for Japan, are as important as hard currency. These recent Japanese capital movements which exceed the Asian orbit of her economic activities, together with the other operations sketched above, i.e. trade, reparations and development, show a carefully planned pattern of consolidation of positions regained by consistent and diligent effort. Viewed against this background, it could well be—to quote a Tokyo paper—that the Reparations Agreement concluded with the Philippines will mark the turning point of Japan's economic resurgence in Asia.



SINCE 1897

YAMAICHI SECURITIES CO., LTD.

(YAMAICHI SHOKEN K. K.)

Brokers and Investment Bankers

MEMBERS, TOKYO STOCK EXCHANGE AND
ALL OTHER STOCK EXCHANGES
IN JAPAN

Head Office:

Nihonbashi, Chuo-ku, Tokyo, Japan

Telephone: Foreign Dept. (67) 3992*Cable Address:* MONTONESCO, TOKYO*New York Office:*

111 Broadway, New York 6, N.Y., U.S.A.

Cable Address: MONTONESCO, NEW YORK

FOR
COMPREHENSIVE
BANKING
and FOREIGN
EXCHANGE
FACILITIES



The Mitsubishi Bank, Ltd.

Head Offices: Marunouchi, Tokyo. Branches: 155 throughout Japan
New York Branch: 120 Broadway, New York 5, N.Y.
London Branch: 82, King William St., London E.C. 4

ECONOMIC COOPERATION WITH JAPAN

By Robert Tilney

THE Japanese have certain characteristics which will always make their nation an important factor in world affairs, whether their influence be confined to South-East Asia or spread over a wider sphere. Perhaps more than any other nation in the world the Japanese are confronted with a condition of "needs must." Their ever increasing population in a land which has less available agricultural area per head of population than anywhere else, forces Japan's economy to look outwards. Thus it is that any would-be supplier to the Japanese market must accept the fact that the Japanese are bound to view his products in relation to their export needs, for the simple reason that they cannot afford to live without exports nor to consume imports which have no export potential.

Before the war, Japan had an important empire and sphere of influence covering the Kurile Islands, Sakhalin, Manchuria, Korea, Formosa, the concessions in Kamchatka and the chains of islands mandated to her as a result of the first world war, and, effectively, a substantial influence in North China. Today, she is thrown back on the very limited resources of her three main islands, Hokkaido, Honshu and Kyushu. Virtually all her sources of raw materials have been lost and she is dependent for the maintenance of her population on the import of raw materials, their conversion into manufactured goods and the export of these goods to as many markets as she can find. Her overflowing population makes available a supply of labour which, through force of circumstances and the natural competition to live, is relatively cheap. This labour force is also very hard-working and ingenious. It is also creative to a far greater extent than public opinion, at least in Great Britain, is aware of.

Bearing in mind the relatively short history of Japan in terms of modern industrial technique—it covers little more than fifty years—is it not remarkable that Japan reached the position of influence she exercised before the war and that once again her energy is being felt throughout the world? I would emphasise that the Japanese cannot be stopped from making material progress in industry and commerce. From Britain's short-term point of view, this may be tiresome, but surely the British people must recognise that the world will progress and if it is not the Japanese who are going to take over the part of industrial leadership in South-East Asia it is likely to be some other nation. It would be a pity if the British, looking through spectacles darkened by wartime or pre-war impressions, were to ignore a factor which must be recognised.

The role that is destined for the Japanese in South-East Asia must surely be a certainty for they are the developed nation most "on the spot" and their knowledge of industrial technique is bound to be made available to their neighbours. Japan has recently been making friends again with her late enemies and has completed reparation agreements with a number of them, whereby she will export free capital goods

in lieu of cash reparations. This will give her a long-term influence in the markets to which she exports these capital goods and a general opening into these particular markets and those bordering upon them.

Granted that the progress of building up the standard of living of hundreds of millions of people proceeds successfully, then the demand for not only capital but consumer goods is almost certain to be greater than can be supplied by the western nations, Britain included. I am pleading, therefore, for realisation on the part of British interests that the area in which Britain took so intelligent and active an interest before the war, and which she is tending to ignore today, is one where there should be an opportunity for allying her experience with that of the developing nations in that sphere, Japan in particular.

What practical suggestions can be made? Britain cannot sacrifice her hard-pressed efforts to maintain her position in her traditional markets such as those of the Commonwealth, Europe and North America. It is capital and capital goods that South-East Asia probably wants more than anything else and the availability of both is limited in Britain today. In the sphere of consumer goods Japanese competition is likely to grow more and more severe and whilst for some in particular the prospects may be good they could scarcely be rated as high for this type of manufacture in general.

Capital is certainly the most outstanding need of South-East Asia and it might well be said that how to use it is also another missing factor in the area. However, without capital very little is possible in the way of development and although such agencies as the International Bank for Reconstruction and Development have played, and are playing, a part in filling this need, with the best will in the world the numerous demands made upon these agencies and the need for checking these demands mean that the queue is so large as to involve severe inconvenience.

What may well be needed is a consortium of international bankers such as has recently been created for Central Africa. If it were possible for a group of British bankers to cooperate with Japanese bankers and invite American bankers to participate in a combined consortium, in which the special Japanese knowledge of the area, the long experience of the British and the vast resources of the Americans could be united, it would undoubtedly meet a real need. What is wanted is a substantial injection of private enterprise, and the flexibility that goes with it, into the constructive efforts being made by SEATO and the International Bank. If such a consortium could be initiated it would be perhaps the most practical way of associating Britain with developments in this important area and it would bring to bear the weight and experience of the three most interested nations within the western orbit.

The author is chairman of Sale Tilney & Co. Ltd., London.

THE EMBARGO AND CHINA TRADE—

(Continued from page 44)

preparations for war. We in China are against both, the cold war and any war, and therefore are against the Embargo. There is only hope for the lifting of this trade restriction if people are sincere in their desire to secure world peace. If after the US presidential elections the US Government would be willing to stand for and promote world peace, they would remove the Embargo policy. And only such a step could prove their sincerity in desiring world peace.

Our business friends abroad should be realistic and should base their hopes on reliable grounds only, otherwise they will be disappointed. I think our friends must take their fate into their own hands. We ourselves are not so anxious about the consequences of the Embargo, although we are fighting every day against its policy. If the western countries, who introduced the Embargo can endure it, we certainly can also continue in spite of it. But judging from its history, it seems that the Embargo has done most harm to those countries who introduced it, and it is certainly not China which has suffered most under these trade restrictions, even though China is always and consistently opposing it.

There is one important point to which I wish to draw the attention of western businessmen. I do not think some of them have really grasped the character of China's planned economy, especially as far as the time factor is concerned. Our economic plan has to be based on reliable facts, because we have to guarantee its fulfillment within certain time limits. Now we are in the First Five Year Plan, scheduled to be fulfilled at the end of next year, but in many of its aspects over-fulfilled and ahead of schedule. Today we are drawing up our Second Five Year Plan.

Under the present abnormal situation, it is really a question of what the western countries can supply and what western commodities can be included in the Second Five Year Plan. Of course, I don't say that it is impossible to make any changes after the plan has been drafted, but there are certain difficulties in making such changes. Therefore, considering the big problem of maintaining or losing markets, I am worrying on behalf of our western friends, and may be right in this particular question.

The fact that new China's foreign trade has been expanding year by year fully proves that our trading policy of equality and mutual benefit is the correct one, favoured by all countries dealing with us. As to the overall development of trade, one thing is certain: had there been no Embargo, our trade with western countries would have been much larger than it is now. Even so, some of the contracts signed by us with western countries can be considered as some of the largest in the world. Thus we signed a contract with Belgian manufacturers for 425,000 tons of fertilisers, an even bigger fertiliser contract with Western Germany, and our Machinery Import Corporation bought rock drilling equipment from a Swedish firm for US\$30 million. So far we have signed no large contract with Great Britain. Yet there exists the possibility of concluding even bigger business deals with the UK, but all this depends on how insistent British firms are about changing the Embargo policy.

There are broad prospects for Sino-British trade if normal conditions can be established, and it should not be difficult to arrive at a trade figure of £100 million per annum. To create such a favourable situation the Embargo has to be removed first, and we shall fully cooperate with our western friends to achieve this.



Lovers of Good Music

and satisfied customers happily confirm again and again the joyful reception given to the grand pianos, other pianos and harmoniums supplied by us.

The following products have won world-wide fame not only for their excellent tone and soft touch but also for their tasteful design. To name only a few: Ronisch, Zimmermann, Geyer, Gerbstadt, Mannborg, and others.

The Mannborg Harmonium has become a household name in the world of music because of its high quality. It can be supplied in a portable or conventional design.

DEUTSCHER INNEN - UND AUSSENHANDEL

BERLIN C.2

SCHICKLERSTASSE 5-7

KULTURWAREN

German Democratic Republic

CHINA NATIONAL IMPORT & EXPORT CORPORATION

PEKING — CHINA

Cables: "CNIEC" PEKING

MAIN BUSINESS OF CHEMICALS AND PHARMACEUTICALS

— EXPORTS —

ALCOHOL

Specification: Purity not less than 96%
Packing: In iron drums.

AMMONIUM CHLORIDE

Specification: NH_4Cl content 99% up
Packing: In 50 kg. 5 ply kraftpaper bags.

ANILINE

Specification: Aniline content (dry base) 99% up
Packing: In 200 kg. iron drums.

CALCIUM CARBIDE

Specification: Acetylene producing power per 1 kg. not less than 280 litres.
Packing: In 100 or 200 kg. iron drums.

CAUSTIC SODA

Specification: NaOH content not less than 96% or 98% (Solid and Fused)
Packing: In 200 or 230 kg. iron drums.

DINITROCHLOROBENZENE

Specification: Purity (dry base) not less than 98.5%. Solidifying point (dry base) not lower than 47.3°C.

Packing: In 300 kg. iron drums.

HYDROCHLORIC ACID

Specification: HCl not less than 31%
Packing: In 30 kg. acid proof jars.

MONOCHLOROBENZENE

Specification: Benzene content (dry base) not more than 0.3%. Sp. Gr. D_{40}^{20} 1.112-1.114.
Packing: In 220 kg. iron drums.

NITROBENZENE

Specification: Solidifying point (dry base) not lower than 4.5°C.
Packing: In 200 kg. iron drums.

PAINTS

Specification: Various types of quick-drying enamels, ready mixed paints and paste paints.

Packing: Quick-drying enamels:

In 1, $\frac{1}{2}$, $\frac{3}{4}$ lb. tins.

Ready mixed paints:

In 1, $\frac{1}{2}$, $\frac{3}{4}$ gallon tins.

Paste Paints:

In 28 lb. tins.

PHENOL

Specification: Congeals at 39°-41°C.
Packing: In 100 or 200 kg. galvanized iron drums.

POTASSIUM CHLORATE

Specification: Purity: 99.8%
Packing: In 50 kg. wooden case, lined with 2 ply kraftpaper.

RED PHOSPHORUS

Specification: Purity: 98% up
Packing: In 10 kg. iron drums, 5 drums per wooden case.

REFINED NAPHTHALENE

Specification: Melting point not lower than 79°C.
Packing: In 25-30 kg. five ply kraft-paper bags.

RODINE

Specification: Available ingredient not less than 25%
Packing: In 20 kg. iron drums.

SODA ASH

Specification: Total alkalinity, as Na_2CO_3 not less than 98% (dry base)
Packing: In 80 kg. gunny bags lined with cloth bags.

SODIUM BICARBONATE

Specification: NaHCO_3 content 99% up
Packing: In 50 kg. gunny bags lined with cotton bags and paper bags.

SODIUM PHOSPHATE TRIBASIC

Specification: $\text{Na}_3\text{PO}_4 \cdot 12\text{H}_2\text{O}$ content not less than 98%
Packing: In 25 kg. cotton bags.

SODIUM SULPHATE

Specification: Purity 96% up
Packing: In 50 or 100 kg. gunny bags lined with paper bags.

SODIUM SULPHIDE

Specification: Na_2S content 62.5-63.5% or 60-62% (Solid and Fused)
Packing: In 100 or 160 kg. iron drums.

SULFONATED COAL

Specification: Softening value ton degree/cubic metre not less than 900.

Packing: In 50 kg. wooden cases lined with 2 ply kraftpaper.

SULPHUR BLACK

Specification: Shade: Reddish Blue or Blue. Strength (in comparison with the standard sample): 100 ± 5
Packing: In 50 kg. iron drums.

ZINC OXIDE

Specification: ZnO content not less than 99.5%
Packing: In 50 or 100 kg. gunny bags lined with 2 ply paper bags.

CALCIUM LACTATE

Specification: B.P. 1953
Packing: In 25 kg. cloth bags, 2 bags per wooden case.

EPHEDRINE HYDROCHLORIDE

Specification: 1. Powder 80 mesh, B.P. 1953.
2. Crystals B.P. 1953.

Packing: 1. 1 lb. bottle, 30 bottles per wooden case.

2. 1 kg. per tin, 30 tins per wooden case.

3. 5 kg. per tin, 6 tins per wooden case.

EXTRACTUM BELLADONNAE SICCUM

Specification: Powder form B.P. 1953.
Packing: 500g. per bottle, 20 bottles per wooden case.

HISTIDINE MONOHYDROCHLORIDE

Specification: N.F. 1950.
Packing: 500g. per bottle, 10 bottles per wooden case.

PANCREATIN

Specification: U.S.P. 14
Packing: 500g. per bottle, 20 bottles per wooden case.

PEPSIN

Specification: U.S.P. 14
Packing: 500g. per bottle, 20 bottles per wooden case.

PHENOLPHTHALEIN

Specification: U.S.P. 14
Packing: 25 kg. in wooden barrel.

TANG-KUI-SU

Specification: Each tablet content 0.2 gm.
Packing: 100 tablets per bottle, 200 bottles per wooden case.

OTHER CHEMICAL PRODUCTS AND PHARMACEUTICALS

— IMPORTS —

Chemicals, Fertilisers, Agricultural Insecticides and Fungicides, Pharmaceuticals, Dyestuffs, Pigments, Medical Instruments and Apparatus, Rubber and Rubber Products, Petroleum and Petroleum Products.

— BRANCHES —

TSINGTAO BRANCH:

82, Chung-shan Road, Tsingtao
Cable: CNIECTB TSINGTAO

SHANGHAI BRANCH:

27, Chung-shan Road East 1, Shanghai
Cable: CHIMEXCORP SHANGHAI

CANTON BRANCH:

25, Tai-ping Road South, Canton
Cable: CHIMPORTO CANTON

TIENTSIN BRANCH:

171, Chien Shieh Road, Tientsin
Cable: NOCIMOR TIENTSIN

BERLIN REPRESENTATIVE:

Leipzigerstr. 112 W8, Berlin
Cable: CNIEC BERLIN

TRADE, FINANCE AND INDUSTRIAL NOTES

Hong Kong and Indonesian Cotton Yarn Agreement

An agreement was recently signed in Djakarta between the Government of the Republic of Indonesia and the Government of Hong Kong, under which Hong Kong will supply Indonesia with cotton yarn to a value of US\$3,500,000.

Payment for yarn will be in United States raw cotton, made available to Indonesia under United States Public Law 480 aid programme.

A similar agreement was signed at the same time with the Government of the United Kingdom for the supply to Indonesia of cotton yarn and textiles from the United Kingdom to a value of US\$3 millions.

Preparations have been made for the Colony's participation in the Frankfurt International Autumn Fair, which will be held this month.

\$49 Million Loan Signed for Japanese Development

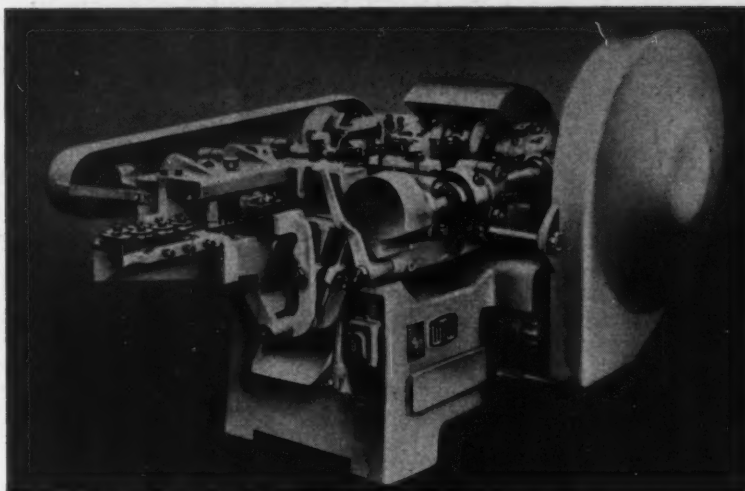
Formal signing of a \$49.35 million loan agreement between Japan and the United States, for use of Japanese yen generated by sale of US agricultural commodities in Japan, was announced last month by the International Cooperation Administration.

The loan agreement follows the \$65.8 million agreement for the sale of US agricultural commodities signed last February 10.

The period of the loan is 40 years, with interest at 3 percent if paid in US dollars, 4 percent if paid in Japanese yen. Both interest and principal may be repaid in either yen or dollars.

Progress In Chinese Agriculture—British Representatives Extensive Tour

Two representatives of Massey-Harris-Ferguson Limited, Messrs. P. A. V. Spencer and A. B. Lees, on their return from one month's visit to China at the invitation of the Chinese Government authorities, reported that they were



This machine for making wire nails is manufactured at Karl Marx Stadt., E. Germany. Its adaptability and economical method of cutting have made it popular in the Asian market

greatly impressed by Chinese agricultural methods.

The variety of crops and livestock products is remarkably wide and the farmers' ability to maintain high yields in the most awkward situations and with a very minimum of fertiliser is particularly striking.

As a consequence of the traditional intensive cultivation and a great deal of terraced land the Chinese are interested in medium-powered wheeled tractors and the Massey-Harris-Ferguson representatives were able to negotiate a contract for a sufficient quantity of agricultural machinery to enable intensive and widespread tests to be carried out so that the Chinese authorities may decide on the types of equipment they will require.

BENELLI BROS., G. F. C., & CO., PESARO, ITALY. MOTORCYCLE MANUFACTURERS.

Works and Head Office: Viale Mameli 22 — tel. 32-61. Sales Department: Via Mosca, 2 — tel. 42-58.

Actual Products: 2 STROKE ENGINE OUTPUT: Leoncino 125 c.c. Standard model; Leoncino 125 c.c. Sport model; Leoncino 125 c.c. De Luxe model; Delivery Van 125 c.c.; Three-wheeled frame 125 c.c.

Motor-Rickshaw Benelli—125 c.c.; this machine is built for export in the Far East and it is furnished with single-cylinder two stroke engine — 54 mm. cylinder bore — 54 mm. piston stroke—capacity 123.6 c.c. —h.p. 5.5 at 5,600 r.p.m.—compression ratio 6.5—consumption 3.16 litres to 100 kms. (CUNA)—top speed 50-55 kms.p.h.

4 STROKE ENGINE OUTPUT: Leoncino 125 c.c. Standard model; Leoncino 125 c.c. Sport model; Leonessa 250 c.c. Two cylinder.

Sole agent wanted for Benelli products in the Far East.

FIRE BRICKS

SHINAGAWA FIRE BRICK CO. LTD.

896 MARUNOUCHI BLDG., CHIYODA-KU, TOKYO, JAPAN

The Largest and Oldest Fire Brick Maker and Supplier in Japan.

Only Best Qualities for Iron & Steel Furnaces, Boilers, Cement Rotary Kilns, Paper & Pulp Smelters and Digesters etc.

RITEX produced under technical co-operation with Grefco, U.S. is the most improved basic quality ever used in the world.

STRAITS STEAMSHIP CO. LTD.

OCEAN BUILDING, SINGAPORE

REGULAR FREIGHT AND PASSENGER SERVICES BETWEEN MALAYAN PORTS AND

BURMA	N. BORNEO	INDONESIA
SIAM	SARAWAK	CAMBODIA
	BRUNEI	

VIET NAM'S ECONOMIC PROBLEMS

By *Chuong-Cong-Liem* (Secretary of State for Economic Affairs)

A SUMMARY of Viet Nam's economic position is best described starting from 1955, the year in which the Government of Viet Nam gained control over its commercial relations with other countries and also of home affairs.

At present, the outstanding features of our economic life are threefold, namely, the extension of the areas under rice cultivation, thus ensuring a rise in production (in 1955 this amounted to an increase of 15 percent); the gradual development of small industries, such as sugar refining, pottery, glassware, household articles, fibre sacks, so that eventually local markets will be supplied with home produced goods in place of imported articles; an amelioration of the balance of payments position and a reduction in the trade deficit. In 1955 the trade deficit amounted to 6,800 million piastres* compared with the deficit of 9,500 million piastres in 1954, a reduction of approximately 30 percent.

The two principal products of Viet Nam are rice and rubber, and both have shown marked increases in production and exports as the following figures indicate:

Rice. The area under cultivation rose to 2,140,000 *ha* in 1955 compared with 1,660,000 *ha* in 1954. An increase of 15 percent in the area under cultivation is envisaged for 1956-7. The production of paddy in 1955 amounted to 2,680,000 tons compared with 2,080,00 tons in 1954. The average yield per hectare is 300 kilos of paddy. In 1955 exports of rice and rice products reached 82,000 tons, valued at 315 million piastres. The principal importing countries were France and her overseas territories, and several Asian countries.

Rubber. In 1954 rubber plantations under cultivation covered an area of 50,000 *ha* with a yield of 52,000 tons of latex, this being almost the prewar production figure. In 1955 the area under cultivation was more than 55,000 *ha*, with an estimated yield of 54,000 tons. Exports of rubber amounted in value to 1,400 million piastres in 1955 compared with 849 million piastres in 1954. The two principal purchasers were the United States and France.

Two factors have had repercussions on Viet Nam's economy. They are American aid and the withdrawal of French troops. American aid has had far-reaching effects and it is estimated that it should be continued for several years in order to allow economic life to recover from the

(This statement was given in an interview with H. C. Taussig, Editor of EASTERN WORLD, in Saigon.)

effects of war and to expand. The withdrawal of French troops has affected several sectors of our economic life, namely the sales of timber (particularly for building purposes), foodstuffs such as meat, fish, vegetables, mineral waters, and the oxygen and acetylene gas industries have been particularly concerned.

These factors have contributed to the problem of unemployment. At present, the number of unemployed is estimated at about 35,000, other contributory causes being the demobilisation of the Vietnamese Army and the closing of French business houses. Several measures have been proposed to deal with this problem.

Industrialisation is scheduled to play a large part in improving Viet Nam's economy, but we are proceeding gradually, following a carefully drawn up plan. Industrialisation will first affect the small industries, where the returns are already assured, such as sugar refining, pottery, textiles, household articles, glass and paper making, building materials. It is here perhaps important to note that we will not refuse any technical or financial aid from countries in the free world, provided that it fits in with our plans for economic development.

Viet-Nam's Trade Figures		1954	1955
		(million piastres)	(million piastres)
Value of imports		11,430	9,212
Value of exports		2,011	2,415
Trade figures according to countries			
	1954		1955
	Value in 1.000\$	%	Value in 1.000\$ %
Exports to:			
France	676.277	34	907.741 38
USA	515.089	25.6	566.924 23.4
Cambodia			336.850 13.9
Malaya	88.961	4.4	123.941 7.2
Hong Kong	51.373	2.6	96.651 4
Great Britain	43.817	2.2	57.476 2.4
Imports from:			
France	8,632.092	76	4,829.045 52
Japan	367.801	3	1,227.760 13.3
USA	887.916	7.8	1,110.274 12
China	307.283	2.7	320.792 4
Indonesia	430.712	3.8	361.283 4
Great Britain	120.360	1	149.675 2
Cambodia			177.241 2

* 35 piastres = £1 sterling.

**THE
BANK
LINE**

Far East & USA: Far East & Africa

AMERICAN AND ORIENTAL LINE U.S. Atlantic and Pacific Coast ports to Philippines, Japan, Hong Kong, Indonesia and Malaya, returning to Canada and U.S.A. via Suez Canal.

ORIENTAL AFRICAN LINE Carrying passengers and cargo from Japan, Hong Kong, Philippines, Borneo, Saigon, Bangkok and Malaya to Mauritius, Reunion, East and South African Ports and vice versa.

ANDREW WEIR SHIPPING & TRADING CO. LTD.,
BALTIC EXCHANGE BUILDING, 21, BURY STREET, E.C.3

FAO and the Rice Problem

By A. Scarfoglio (Rome)

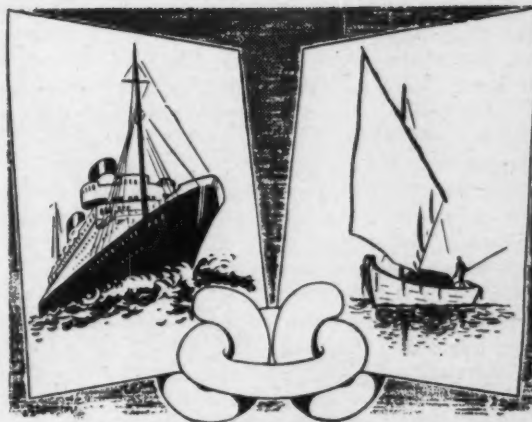
AT the FAO preparatory conference held in Rome last April arrangements were made for the FAO rice conference which will take place in October or November in Rangoon. The preparatory meeting discussed the most urgent problems — namely, the availability of figures and statistics since many Asian countries have not yet developed their statistical services, only India and Burma being able to supply reliable though not always complete figures.

Both the preparatory conference and the final one were organised and sponsored by the FAO Committee for Commodity Prices, through a special subcommittee for rice questions. The latter is the outcome of the decisions made two years ago by the Bangkok International Rice Conference, where an international study group on rice was recommended. The delegates who convened the April preparatory conference were from eight different countries—Burma, France, India, Italy, Japan, Thailand, the UK and the USA, but were not official representatives.

The Rangoon conference will probably make great efforts to obtain an international agreement on rice. It is not likely that it will stop at a mere general agreement on periodical consultations—the least radical of solutions for international commodity problems. It is hard to tell whether the stabilisation of the international rice trade will take the form of an export quota agreement, or of a multilateral contract, or of an international buffer stock. The last solution is the least likely, being very costly owing to the enormous amounts of rice that would have to be stocked. The most optimistic calculations foresee the stocking of two to three million metric tons, a figure which would have to be further raised in the event of an increase in the volume of the international rice trade. Export quota schemes, or multilateral contracts have therefore greater chances.

The one technical difficulty—the gaps in statistics—does not concern so much the bulk of exports (which is not more than 6 percent of the world crop) as the gradations, qualities and secondary uses. It is not known how much paddy is produced in some countries, and how much of it is husked, how much of it is grown for producer's consumption as a food crop, and how much of it is traded to other regions of another country; and, further, there is little information available as to the quantities of rice fed to livestock, and of how much rice is used for industrial purposes. It is therefore difficult to assess what will be the influence of international arrangements on home prices.

At present the one country capable of substantial exports is Burma, which makes it likely that her prices will be taken as the basis for maximum prices under an international multilateral agreement, while Japan will furnish the minimum basis, being the world's largest importer. The multilateral contract, imposing an obligation to furnish a determined quantity is the most radical and perfect scheme, though the most difficult to apply, owing also to the fact that, once a price is taken as a basis, minimum or maximum, the costs of transport from the producing country to other competing ones is added to it to form the agreement price. The aim is to avoid competition—but it might prove very distasteful to both exporters or importers who have to pay for transport costs that are heavy already even without contract obligations.



THE STEEL LINK in Far Eastern Markets

The East offers European manufacturers vast and varied markets in most branches of commerce and industry.

We know these markets through and through because with over 80 years' experience of trading in the East, Steel Brothers organisation is today responsible for the shipping and marketing of many tons of merchandise annually. Through our worldwide network of subsidiary and associate companies we are in an exceptional position to promote trade development and offer manufacturers a representation second to none.

STEEL BROTHERS
AND COMPANY LIMITED

ESTABLISHED 1870

Head Office:

24-28 LOMBARD STREET, LONDON, EC3

Telephone:
MANSION HOUSE 0982

Telegrams:
STEEL STOCK LONDON

Branches, Subsidiaries and Associates in:

ADEN	IRAQ	LEBANON
BURMA	ITALY	PAKISTAN, EAST
CANADA	JAPAN	PAKISTAN, WEST
CEYLON	JORDAN	SIAM
CYPRUS	KENYA	SYRIA
HONG KONG	KUWAIT	TANGANYIKA
INDIA		UGANDA

THAI TELECOMMUNICATIONS CONTRACTS

THREE important contracts valued at over £100,000, for the supply and installation of Thailand's first long-distance telecommunications network, have been placed with the British firm, Automatic Telephone & Electric Co. Ltd. Part of the cost of the order, which has been placed by the Royal Thai State Railways, will be met by American aid.

The project calls for the provision of an extensive trunk telephone and telegraph system linking the State Railway's Bangkok headquarters with eleven provincial traffic control centres throughout the country. These centres are distributed over the Railways' northern line to the northern capital of Chiangmai; the southern line running into Malaya, and the north-eastern line into the neighbouring kingdom of Laos. Two new trunk telephone lines are being built over all sections of the network, which when completed will have a total route length of 1,560 miles.

Arrangements have been made for Thai maintenance engineers to come to Britain to be trained at A. T. & E.'s Liverpool factory. An engineer from the company will also supervise the installation work in Thailand, which will be carried out by members of the staff of the State Railways' Signal and Telecommunications Engineer.

Each traffic control centre on the railway network will have both telephone and teleprinter switchboards, with direct connections to Bangkok and adjacent centres. Diesel alter-

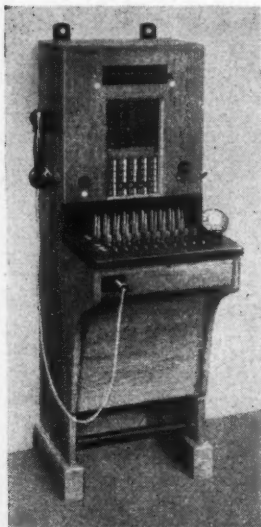
nators are being used to power the installations. In addition to the traffic control centres, ten other stations throughout Thailand are being provided with trunk telephone connections.

The carrier telephone and audio-frequency telegraph equipment will be manufactured by A. T. & E. at Strowger Works, Liverpool; carrier telegraph equipment, telephone switchboards and telephones will be supplied by the Telephone Manufacturing Co. Ltd., of Dulwich and St. Mary Cray. The order was negotiated through Steel Brothers & Co. Ltd., agents in Thailand for A. T. & E. and Copperweld Steel International Company of New York, who received a separate contract for material for the new trunk lines.

FBI Indian Survey

Following a visit to India earlier this year by an executive of the staff of the Federation of British Industries, a survey of the market has been published for the benefit of British industrial firms.

It will prove of considerable use to all firms interested in India and it covers the political background, major development schemes and the second five year plan as well as the government's industrial policy. There is also a useful note for exporters and the appendices detail the principal headings of the current plan and the attitude to foreign investment.



Tropicalized TELEPHONE EQUIPMENT

TMC TELEPHONES and SWITCHBOARDS, similar to those illustrated, are included in the new telecommunications network being installed by—

THE STATE RAILWAYS OF THAILAND

This equipment is designed and built to operate reliably in tropical conditions and to meet, in every way, the stringent requirements of efficient railway operation.

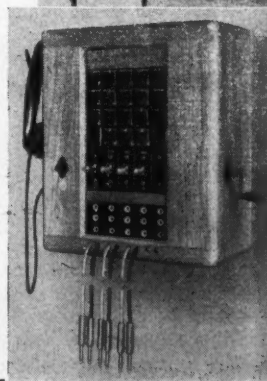
The fact that TMC apparatus was selected for this modern network is a guarantee that your requirements, whether for a Railway, Public, Industrial or Commercial system, can also be met satisfactorily.

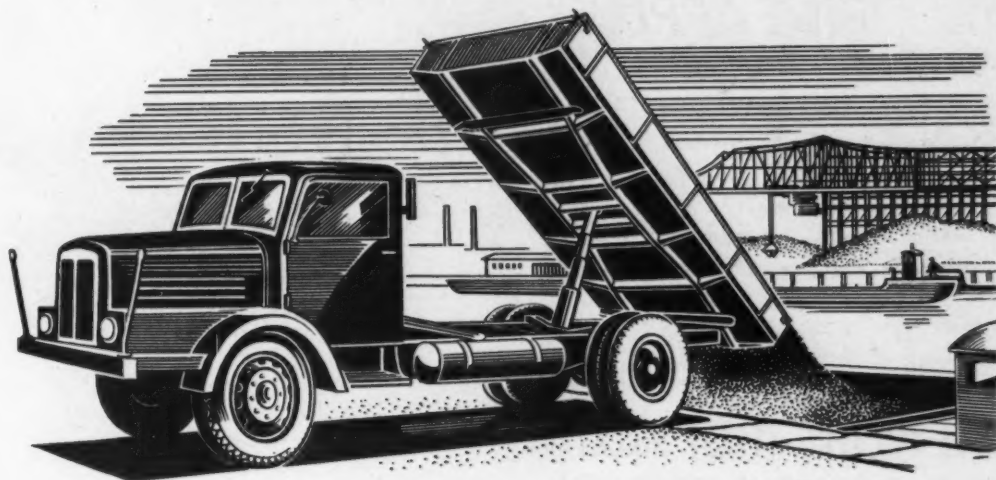
Let us quote against your specification.

TELEPHONE MANUFACTURING CO. LTD

Contractors to the British Post Office and Post and Telegraph Departments throughout the World.

HOLLINGSWORTH WORKS : DULWICH : LONDON S.E.21 : ENGLAND
Telephone: GIPsy Hill 2211 Cables: Bubastis London Code: Bentley's Second





TESTED AND TRIED

LORRIES—chassis only or platform with

hoops and tarpaulin or three-sided dumper

3.5 ton load-capacity

80 h.p. Diesel motor

supplied by:

TRANSPORTMASCHINEN EXPORT-IMPORT

You are invited to visit our comprehensive exhibition at the technical section of the Leipzig 1956 Autumn Fair

Deutscher Innen-und Aussenhandel

Berlin W 8 Mohrenstrasse 61

GERMAN DEMOCRATIC REPUBLIC

MALAYAN PINEAPPLE

The Malayan Pineapple Industry is vigorously increasing production and exports, and constantly improving the quality and grading of its well known canned pineapple and pineapple juice.

Enquiries to:

**CENTRAL BOARD OF
PINEAPPLE PACKERS (1953) MALAYA**
ROOM 28, 2ND FLOOR, BANK OF CHINA BUILDING
BATTERY ROAD
SINGAPORE, 1

Planning your next Holiday?

VISIT

BURMA

Seat of Buddhist Culture

and

WHEN IN RANGOON

ENJOY

THE COOL AND COMFORT
of the

STRAND HOTEL

FAMOUS FOR ITS SERVICE

Tel. "STRANDHO," RANGOON.



BULGARPLODEXPORT

State Commercial Enterprise

1, IVAN VAZOV STREET, SOFIA, BULGARIA

Telephone 7-51-51

Cable address: BULGARFRUKT

EXPORTS: All kinds of fruits and vegetables, fresh and preserved, pulps, best quality wines and alcoholic beverages, prepared according to the requirements of the international market.

IMPORTS: Lemons, Oranges, Figs, Mandarines, Dates, Bananas, Dried Orange peels. "BULGARPLODEXPORT" possesses well-organised branch-offices throughout the country, which see to the correct manipulation, sorting, packing, and transport of the goods handled.

The "BULGARPLODEXPORT" State Commercial Enterprise is represented abroad by the commercial agencies of the People's Republic of Bulgaria in Moscow, Prague, Berlin, Warsaw, Budapest, Bucharest, Vienna, Paris, Stockholm, London, Tel-Aviv, Berne, Rome, Brussels, Alexandria, Istanbul, Helsinki, Athens, Bombay, Jakarta, Cairo, Damascus, Peking, Buenos Aires, Belgrade, Tirana, Frankfurt/Main.

SOURCES OF POWER

The Tides

Man, who knows how small a stream will drive his mill or his loom, cannot but dream when he looks at those monstrous masses of moving water, the tides. Now that he knows how to turn water power into electricity, the notion of harnessing tidal power has grown into an obsession. "Only think," this obsession reiterates.

"Only think of unlimited power, at no fuel cost whatsoever!" Now, thanks to vast improvements in building and mechanical techniques, this ambitious dream may well be a fact of the near future. Before tidal power could be seriously considered, Crompton Parkinson were developing and making machines and equipment to transmit and regulate, measure and control electricity everywhere from the generator to the switch. And whatever means be used in the future to produce electrical power, Crompton Parkinson, still pioneers, will be there, equipped to put it through its paces.

Crompton Parkinson

LIMITED

MAKERS OF ELECTRIC MOTORS OF ALL KINDS • ALTERNATORS AND GENERATORS
SWITCHGEAR • TRANSFORMERS • CABLES • INSTRUMENTS • LAMPS • LIGHTING EQUIPMENT
BATTERIES • STUD WELDING EQUIPMENT • TRACTION EQUIPMENT • CEILING FANS



CROMPTON PARKINSON LIMITED has branches and agencies in all parts of the world. *If you cannot readily make contact, please write direct to us at*
CROMPTON HOUSE, ALDWYCH, LONDON, W.C.2, ENGLAND. *Overseas Telegrams:* CROMPARK LONDON.

OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in Singapore)

Authorised Capital ...	\$40,000,000
Issued and Fully Paid ...	\$10,000,000
General Reserve ...	\$17,000,000
Total Resources exceed ...	\$308,000,000

Head Office:

CHINA BUILDING, CHULIA STREET
SINGAPORE

Telegraphic address: "Oversea"

Branches all over Singapore, Federation of
Malaya, Sarawak, Indonesia, Burma and
Hong Kong

Correspondents and Agents in all the
principal cities of the world, providing
a complete international banking service

All kinds of Exchange and Banking
Business transacted

IF YOU WANT TO TRADE WITH THE MILLIONS
IN ASIA, PLEASE CONSULT US

SCINDIA

Steam Navigation
Company, Limited.

BOMBAY

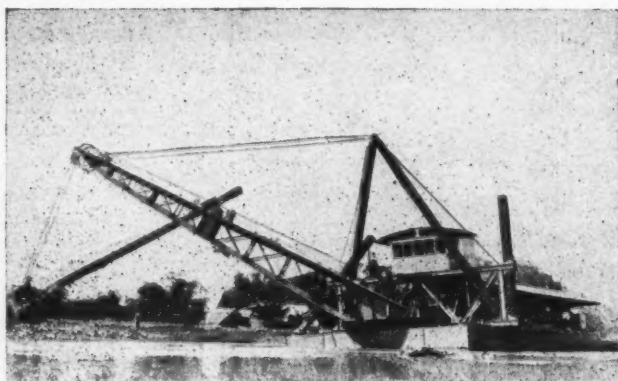
Regular Cargo Services
between INDIA-PAKISTAN & U.K.-CONTINENT

Regular Cargo Service
CONTINENT TO COLOMBO

Regular Cargo & Passenger Coastal Services
between INDIA-PAKISTAN, BURMA & CEYLON

General Agents U.K. & CONTINENT.
SCINDIA STEAMSHIPS (LONDON) LTD

22 BILLITER ST LONDON, E.C.3
Tel. -Royal 6444. Grams -Jalanath, Fen.



ONE OF THREE
2½ YARD DIESEL-ELECTRIC DIPPER DREDGERS
BUILT FOR
THE ROYAL IRRIGATION DEPARTMENT, SIAM.

OUTPUT: 148 cubic yards of silt and clay per hour dumped to a
radius of 72 feet and a clear height of 20 feet.

DREDGING ? REQUIREMENTS

CUTTER & DRAG SUCTION DREDGERS
SINGLE & MULTIPLE BUCKET DREDGERS
OF HIGHEST DREDGING CAPACITY.

HOPPER BARGES; PIPE LINES;
FLOATING CRANES, ETC.

FLEMING
&
FERGUSON
LIMITED

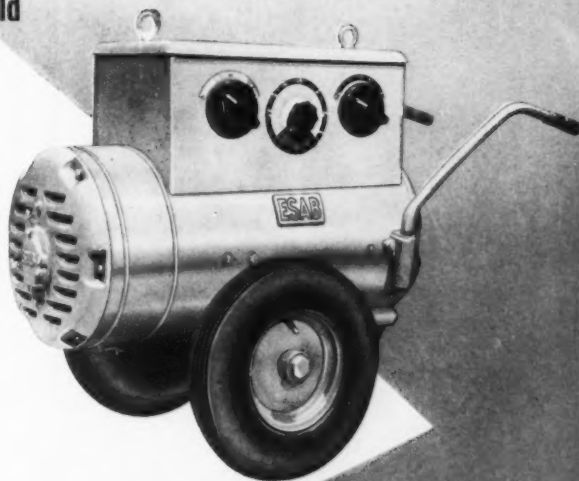
SHIPBUILDERS & ENGINEERS
PAISLEY : SCOTLAND

Phone: Paisley 4121. Tel. Add: "Phoenix Paisley"

Welding converters running all over the world

ESAB KB 375 — The welding converter with outstanding features of performance

Based on the latest developments and our wide experience, a brand New Welding Converter, the KB 375, is now available. Its design and construction incorporate a large number of technical improvements and, combined with an attractive appearance and well balanced carriage, the KB 375 is superior in its class. The welding current is adjustable over four ranges between 20-400 amps.



ESAB K 300/VW makes you independent of electric power supply

The engine powered welding unit K 300/VW is a combination of the well-known generator K 300 and an industrial engine of the Volkswagen type. This has resulted in a particularly manoeuvrable and reliable unit having excellent welding properties. The generator has three current ranges, i.e. 20-75, 75-200 and 200-300 amps. With the aid of 5 accessories, no less than 14 different utility combinations may be achieved. Any demand placed upon a first-class and extremely mobile welding unit can therefore be realised.

The K 300/VW is a real boon on locations with no electric power, or insufficiency of supply.



ESAB is the oldest organization in the world for making arc welding equipment and arc welding electrodes—the famous OK electrodes. There are OK electrodes for every purpose and they are recommended by welding experts all over the world for their quality, economy and safety.



*Mail
this Coupon
today!*

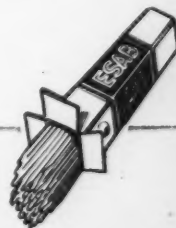
ESAB ELEKTRISKA SVETSNINGSAKTIEBOLAGET
GÖTEBORG SWEDEN

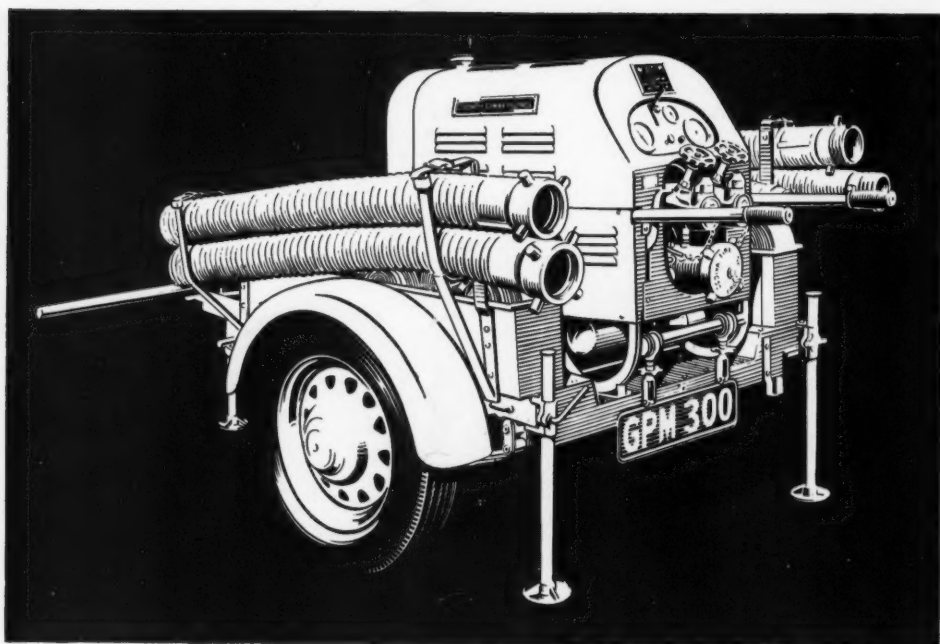
Without obligation, please send me complete information on items checked.

- ☐ The Welding Converter KB 375
☐ The Engine Powered Welding Unit K 300/VW
☐ OK Electrodes

Name.....

Address.....





The GODIVA 'featherweight' high-efficiency fire pump

Britain's post-war fire-fighting requirements for Civil Defence broke away from previous practice and nothing suitable existed.

As on so many previous occasions, we evolved what was necessary, this time a small light-weight high-efficiency engine, comparable with that of the finest sports car, with overhead camshaft and valves, and a very efficient pump.

Important features are easy starting, quick and easy priming, an excellent seal, and an inter-cooler which permits the use of anti-freeze.

THE 'FEATHERWEIGHT' DELIVERS AT 120 P.S.I. PUMP PRESSURE (8.44 Kg/cm²) 250 IMPERIAL GALLONS A MINUTE (1135 litres) OR 360 IMPERIAL GALLONS (1630 litres) AT 60 P.S.I. (4.22 Kg/cm²).

The unit, which weighs only 350 lb., is extremely compact and accessible; it can be carried upon a light trailer, or wheeled upon its own wheels which, with their axle, are instantly detachable so that the unit is easily carried.



BACKED BY
MORE THAN
50 YEARS
OF ENGINE
BUILDING

Coventry Climax Engines Ltd.

WIDDRINGTON ROAD, COVENTRY, AND 163 PICCADILLY, LONDON, ENGLAND

Printed by H. G. LEATES LTD., Central Printing Press, Alexandra St., Southend-on-Sea, Essex, England,
for the publishers, EASTERN WORLD, 58, Paddington Street, London, W.1

